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Moro Found Shot to Death in Rome

Bullet-Riddled Body Left in Car 54 Days After His Kidnapping



Police and journalists surround the small French-made car, found in central Rome, containing the body of Aldo Moro.

Says It Would Not Buy Planes Elsewhere

Vance Reports Saudi Pledge on Jet Sales

WASHINGTON, May 9 (AP)—Secretary of State Cyrus Vance, seeking to convince Congress to approve three warplane sales in the Mideast, said today that Saudi Arabia had promised not to buy warplanes from other countries if it gets the 80 F-15s the administration wants to sell.

Mr. Vance also said the Saudis had never threatened to cut off oil to the United States or to support higher oil prices if the sale is turned down.

"They've never indicated in any way whatever that they're linking oil, stability of the dollar or the price of oil to the sale," Mr. Vance said.

Mr. Vance, testifying before the House International Relations Committee, also acknowledged that the administration was talking to members of Congress about possible compromises on the Mideast jet fighter sale, but said "no conclusions have been reached."

His comment came when Rep. William Brockfield, R-Mich., asked him if a compromise was being prepared. Mr. Vance did not elaborate.

Several Elements

Key senators who met with Mr. Vance over breakfast earlier said a

promise of more F-15 jet fighters to Israel was only one of several elements being discussed in an effort to avert a Senate floor fight over the plane sale proposal, which involves Saudi Arabia and Egypt as well as Israel.

Taking a hard line at the hearing, Mr. Vance said the administration's proposed jet sales "stand on their own two feet" and members of Congress "will have to make up their minds and do as they like."

But he added: "We've been talking with the members and we've been meeting to see if there is something that could be done that would be helpful." The secretary was asked whether that might include a separate commitment of additional planes for Israel in the future.

"Some members on both sides [House and Senate] have suggested that," he replied, neither endorsing nor rejecting the idea himself.

Meanwhile, White House Press Secretary Jody Powell said the normal course of U.S. relations with Israel would "no doubt involve additional sales of aircraft in the years to come." However, Mr. Powell said he knew of no current commitments on such specifics as numbers of planes or delivery dates.

Mr. Powell said the administration aimed to avoid "a time-consuming, divisive and perhaps bitter floor fight" on the issue.

An optimistic assessment of the arms issue came from Sen. Jacob Javits, R-N.Y., after he and other members of the Senate Foreign Relations Committee met with Mr. Vance.

"I believe we're on a road which could lead to a settlement," Sen. Javits said.

The senators said they had agreed not to discuss details while the compromise negotiations are under way.

But Sen. Clifford Case, R-N.J., asked whether more F-15s for Israel were part of the compromise dis-

cussions, responded: "If that isn't one of the elements, I don't know what we're talking about."

Question of Balance

At the House hearing, Chairman Clement Zablocki, D-Wis., asked the carrier administration officials if selling more planes to Israel would not upset the military balance the officials claim the jet fighter sale would maintain.

"I don't think you can calculate the balance that precisely," Defense Secretary Harold Brown replied. "A few planes would not upset the balance."

Mr. Brown acknowledged that the new F-16 jet, of which 75 would

(Continued on Page 2, Col. 8)

ROME, May 9 (UPI)—The bullet-riddled body of Aldo Moro, five times premier of Italy and the nation's leading statesman, was found today in a parked car in the center of Rome 54 days after he was kidnapped by Red Brigades terrorists.

Mr. Moro, 61, had been shot four or five times in the chest. A plaid blanket was thrown over his body. His head hung limply on his left shoulder. His face appeared serene, his eyes half-closed and his cheeks covered with a two-day beard. Medical reports said he had been dead between 10 and 24 hours.

Italy exploded in outrage at the death of the man who had been slated to be the nation's next president. The slaying horrified Italians as the assassination of John Kennedy shocked the United States in 1963.

An angry crowd of more than 5,000, many in tears, pressed into the cobblestoned streets in central Rome chanting "Death to the Reds! Death to Curcio!" Renato Curcio, founder of the Red Brigades, is on trial with 13 other brigades members in Turin.

Anonymous Tip

Police, acting on an anonymous telephone tip, found the body of the soft-spoken statesman in the back of a Renault R-4 parked about 100 yards from the Communist party headquarters off Rome's central Piazza Venezia.

The police said the terrorists first shot Mr. Moro four or five times and then dressed him in the same clothes he wore at the time of his abduction. There were no bullet holes in either his shirt or suit. Handkerchiefs were stuffed between his white shirt and blue jacket to soak up the blood.

Interior Minister Francesco Cossiga, a longtime friend and protégé of Mr. Moro, formally identified the body. Mr. Cossiga lifted the blue coat draped over Mr. Moro's face, nodded to officers, shuddered

and turned away with tears in his eyes.

Mr. Cossiga, his voice choked with sobs, said: "The Red Brigades want to create a state of civil war, but we will win. Democracy will win."

[Premier Giulio Andreotti called his all-Christian Democrat Cabinet

into an emergency 30-minute session five hours after the body was found. It heard a report from Mr. Cossiga, but a spokesman said no statement would be made out of respect for the Moro family's wishes, the Associated Press reported.]

[President Giovanni Leone went on national television to express

Reaction

By Flora Lewis

PARIS, May 9 (NYT)—Throughout Western Europe today, leaders paid homage to Aldo Moro, expressing their horror at his murder, which several considered an attack on the institution of democracy itself. Several called for a common front to fight terrorism and defend democratic governments.

Some, including the governments of the Netherlands and Norway, explicitly supported the stand of the Italian government in having refused to accept the terrorists' conditions or to make compromises to secure the release of the Christian Democratic leader. Despite the sorrow and shock at the murder, there was a general feeling that the very base of democratic government had been at stake.

Legislatures and international organizations, including the European Parliament and conferences of Common Market agricultural ministers and the World Health Organization, interrupted or even suspended their sessions to honor and to mourn Mr. Moro.

The only word from the East so far was a brief dispatch from Tass reporting Mr. Moro's death without comment. Previously, Tass had suggested that the kidnapping was a plot by both leftist and rightist extremists to provoke chaos in Italy, while Italian press reports that the terrorists had been armed by Communist countries were indignantly denied.

(Continued from Page 2, Col. 1)

Rhodesia Backs Ouster of Hove

SALISBURY, Rhodesia, May 9 (UPI)—Three members of Rhodesia's ruling executive council today rejected the demand of the fourth member, Bishop Abel Muzorewa, that Byron Hove, the dismissed black cabinet minister, be reinstated.

The decision by Prime Minister Ian Smith and Rhodesia-based black leaders Nkomo, Ntshole and Jeremiah Chirau intensified the crisis in the leadership of Rhodesia's pre-majority-rule interim government.

Bishop Muzorewa's United Afri-

can National Council, which enjoys a large black following, has threatened to pull out of the government unless Mr. Hove is reinstated as black co-minister of justice and law and order.

After more than five hours of talks, a government statement said "the executive council has decided not to reverse its earlier decision that Hove be removed from office. Bishop Muzorewa reserved his position in this regard."

Bishop Muzorewa was not immediately available for comment on his next move.

Mr. Hove was dismissed April 28 for refusing to withdraw statements urging reverse discrimination for black policemen and civil servants — remarks that were bitterly criticized by white officials, including the white co-minister of justice and law and order, Hilary Squires.

While Mr. Hove argued that the process toward a power transfer, planned for Dec. 31, should involve African advancement, the white officials said his statements went against the "internal" majority-rule agreement provision that the armed forces and civil service remain at a high state of efficiency and politics-free.

Resort Hotel Attacked

JULIASDALE, Rhodesia, May 9 (AP)—Two black guerrillas burst

into the dining room of a luxurious mountain hotel in eastern Rhodesia and opened fire with machine guns, killing two white Rhodesian women and wounding four other guests, including an American, officials said.

One guest at the Mountclair Hotel, near Juliasdale, was slain as she was eating supper. The second victim, a hotel employee, was killed near the door, according to first reports.

Grenades Fired

While the two gunmen were inside the dining room, other guerrillas fired at least three rocket-propelled grenades at the hotel in the Inyanganga Mountains, damaging a water tower, chimney, guest room and the entrance to the casino.

Witnesses said diners dived under tables as the guerrillas raked the elegant dining room with bursts from Communist-made AK-47 automatic rifles.

The hotel is 80 miles east of Salisbury and 20 miles from Mozambique, the black border for most guerrilla offensives in the 5½-year-old war against the white government. Tourist resorts have become prime guerrilla targets in the last year. The insurgents have destroyed one hotel at the Victoria Falls, shelled others there with rockets and mortars and attacked hotels elsewhere.

Tanker's Oil Washes Up On Beaches of Norfolk

GREAT YARMOUTH, England, May 9 (AP)—Oil-covered birds were washed onto the beaches of Norfolk today as oil from a severed Greek tanker brought new pollution hazards to England's east coast.

A seal colony off Great Yarmouth also was threatened by the oil spill from the tanker Eleni V, which broke in two when it collided with the French ore carrier Roseline in the North Sea on Saturday.

Matches of this black oil now cover 20 miles of coastline from Winterton-on-Sea, Norfolk, to Lowestoft, Suffolk.

A colony of 120 seals lives on the Scroby Sands off the coast, and the females are pregnant. The Royal Society for the Prevention of Cruelty to Animals reported, RSPCA inspectors also reported five dead birds and many more covered in the heavy fuel oil that spilled from the Eleni V's 16,000-ton cargo.

Officials Worried

British officials who played down the pollution dangers over the weekend began to get more worried today when they learned that the bow section of the severed tanker was leaking more oil.

The British military took charge of the clean-up operation, with Royal Air Force helicopters surveying the scene from the air and the guided missile frigate HMS Active and the minesweeper HMS Sowerton directing the spraying of detergent up and down the coast.

A new danger emerged today when officials discovered that the oil could flow up the River Yare at Great Yarmouth harbor, reaching the huge inland waterway system known as the Norfolk Broads, one of Britain's greatest natural reserves, a spacious complex of lakes, streams and pastures which attracts throngs of summer tourists and is a haven for wildlife. An inflatable barrier was put across the mouth of the river in an attempt to stop any oil entering the system.

2 Reach Top of Everest, Used No Bottled Oxygen

KATMANDU, Nepal, May 9 (Reuters)—Two climbers have succeeded in scaling Mount Everest, the world's highest mountain, without the use of bottled oxygen at any stage, according to reports received here today from the expedition's base camp.

Reinhold Messner, 33, of Italy and Peter Habeler, 35, of Austria, reached the 8,848-meter summit at noon yesterday, the report said.

Both men are reported to be in reasonably good health although Mr. Messner, the expedition leader and a professional mountain guide, suffered a frostbitten thumb while taking photographs on the summit. He also suffered from temporary snow-blindness last night.

News of the successful climb was brought by helicopter today. The helicopter had been sent to bring back one of the expedition's Sherpas, Ang Dawa, who was partially paralyzed by a severe attack of altitude sickness.

Mr. Messner's successful assault on Everest makes him the first climber to conquer four peaks of more than 8,000 meters. He limbed all of them without oxygen. Mr. Habeler had previously accompanied Mr. Messner on one of his Himalayan high-altitude expeditions.

With Oxygen

The Nepal Tourism Ministry said that several other members of the Austrian expedition were now moving up for an attempt on the summit. A party of three reached the top last Wednesday using oxygen.

Mr. Messner's and Mr. Habeler's settled a long debate over whether man could climb unaided into the rarified air at the top of the world and survive.

Since Everest was first climbed

by Sir Edmund Hillary and Sherpa Tensing Norkay in 1953, climbers have more than once reached its summit as their oxygen supplies ran out.

The Chinese claimed that three of their mountaineers had reached the summit in 1960 long after consuming the last of their oxygen but this claim was doubted by many mountaineering experts at the time.

In the 1920s, climbers went entirely without oxygen up to 8,200 meters but this is the first ascent in which bottled oxygen was not used at any stage.

Now the organizations that monitor human-rights developments in Chile agree "things are changing," a source outside the church said, "and as long as things change there will be life. There is much more freedom of opinion now. You see things in the newspapers you could not imagine would be printed two years ago."

"There is no fear of speaking out, like there was two years ago. People in the street talk freely about economic problems and other problems."

"They (the government officials) are accepting their mistakes and starting to try something new. There is a different way of thinking in the government. It is a process, and the process will probably continue."

The Rev. Christian Precht, the solidarity vicar for Chile's Catholic bishops, said in an interview, "We hope this policy will be strengthened, and we must continue in search of total justice."

The "justice" that the vicariate and other human-rights groups seek falls into three general areas:

• Basic human rights. This is the area in which most progress has been achieved, but still unresolved is the disappearance of about 600 persons since Sept. 11, 1973, when

Quota Is Met

But when the International Whaling Commission met in Tokyo in December, it voted to limit the bowhead harvest this year to 12 whales, and the village of Point Hope was given a quota of two. They have met that quota after only three weeks.

"That's not enough, because we feed the whole community," said Dorcas Rock, a 37-year-old Point Hope woman with five children, a part-time job as magistrate and coroner, and, in the springtime, a whaling crew to feed and care for. Her husband Elijah is a whaling captain.

During the season, the captain's family expands to take in the people who participate in the hunt. From the four or five whalers to the older women who sew together seal skins to stretch

poor ice conditions, the villagers killed only two.

over the wooden frames of the whaling boats, from the cooks to the young boys who forsake school to stock the campfire and help with meals. The captain's family is in complete charge for the four to five weeks in April and May that the whalers are camped on the ice.

The captains, "providers" in the Eskimo language, are still leaders in the village, as they have been for centuries, and they are indeed expected to provide for their people.

When the whale is killed by darts — "darning" — and shoul-



der guns, the harvest is distributed according to a long-standing, intricate system that places meat in the hands of every family in the village.

The entire effort may cost the captain's family \$6,000 to \$10,000 in groceries, fuel, guns, and other supplies, and the Eskimos are unhappy that all their effort may result in only two whales.

Barrow, the only town that generally takes more whales than Point Hope, is fast moving toward a cash economy, with

fresh meat, food and vegetables available. The job market there is expanding, too, although the people still rely on hunting.

Hunting, fishing and berry-picking account for at least half of the family foods for 70 per cent of the Eskimo population, government studies say. And that is half a year or more of work for the Eskimo family.

Bones of Whales

The people of Point Hope, a village of frame houses that sits on a flat finger of land pointing into the Chukchi Sea, rely on the sea to sustain themselves, as need as old as their history. Even the graveyard, where whale bones, not tombstones, mark the graves, speaks of the Eskimo relationship to the bowhead.

The general store, run as a cooperative, carries most necessities but has fresh meat only rarely. Elmer Frankson, 30, who is

Aldo Moro, a Quiet Intellectual

Leading Figure in Italian Postwar Politics

ROME, May 9 (Reuters)—Aldo Moro, a quiet intellectual with infinite patience and tenacity, was one of the leading figures of postwar Italian politics.

As the architect of center-left coalitions which provided dozens of governments since 1963, he was five times premier of his country.

He was instrumental in two key events in Italy's political history.

First in 1963, he brought the Socialist party into the government. His last achievement was helping to forge a pact with the Communist party, which in January gave its parliamentary support to enable Mr. Moro's Christian Democratic party to form a minority government.

Mr. Moro was president of the Christian Democratic party.

In one of his five terms as premier, he established a record by heading the longest postwar government — 829 days from 1966 to 1968 — in a country where administrations last an average of less than a year.

It was his distinguished career as a politician and statesman — he also served as minister of justice, of education and of foreign affairs in various governments — that marked him out as a target for the Red Brigades. He also was a devout Roman Catholic who attended mass every morning.

Mr. Moro had a reputation as a slow, patient and thoughtful negotiator with long-range political vision. His manner was aloof and reserved.

He invariably shied away from quick decisions.

Obscure, Noncommittal

His statements were often so obscure and noncommittal that experienced analysts of his complex speeches became known as "Moroologists."

When Mr. Moro wanted to be decisive, however, he acted firmly and unequivocally.

In 1963 Mr. Moro formed the first government to include Socialists since 1948.

In the last two years, Mr. Moro moved slowly toward repeating this exercise with the Communists.

A tall, sallow man, Mr. Moro was once easily identified by a streak of silver running through his

black hair. But in his final years, most of his hair turned gray.

Aldo Moro was born on Sep. 23, 1916, in Lecce, near Bari on the southeastern coast of Italy. The son of a schoolteacher, he quickly established himself as a brilliant student and a young politician with a promising future. He was elected president of the Federation of Italian Catholic Undergraduates and later of the Movement of Catholic Graduates.

University Lecturer

When Mr. Moro was 24, he was appointed a law lecturer at Bari University.

He joined the Christian Democratic party in 1944, a year after the fall of Fascism in Italy, and was elected to Parliament from Bari four years later.

Only seven years after becoming a member of the Chamber of Deputies, Mr. Moro was elected floor leader of the Christian Democratic party.

He was named justice minister in 1955, education minister in 1957 and given the key role or party secretary in 1959.



Aldo Moro

He held this position until 1963, when he became premier after negotiating Italy's first center-left coalition government.

Mr. Moro insisted on continuing his part-time job of lecturing at Rome University on law and penal procedure while premier.

He leaves his wife, Eleonora, a former schoolteacher, and four children.

Moro Assassinated, Body Is Found

(Continued from Page 1)

about 7:40 a.m. The body was found shortly after 2 p.m. Police said the car had been stolen.

The gruesome end to world terrorism's most brazen kidnapping came 54 days after the urban guerrillas grabbed Mr. Moro March 16 as he drove to a Parliament debate on a new Italian government whose formation he had personally engineered and which included the Communists for the first time in 30 years.

Mr. Moro's five bodyguards were killed in the abduction. The kidnappers had demanded that the government free jailed terrorist comrades from prison in exchange for Moro's life.

The government adamantly refused to negotiate with the kid-

nappers and last Friday a final communique announced that Mr. Moro would be killed. His body was found only one day after his final, hand-written letter bade his wife farewell.

"Dear Norina, They have told me they are going to kill me shortly. I kiss you for the last time. Kiss the children for me."

Shortly before the police removed Mr. Moro's body for an autopsy, a priest bowed his way through the crowd and performed the church's last rites.

[Later, Mrs. Moro and the four Moro children went to the morgue at Rome University, where they were joined by other family members and aides of the slain statesman. With tears streaming down her cheeks, Mrs. Moro knelt by her husband's body and caressed the sheet covering it. She left the room in silence, making the sign of the cross, the Associated Press reported.]

For the last 15 years Mr. Moro had been a guiding force of Italian political life. He had served five times as premier and five times as foreign minister since 1963 and was so far the only candidate mentioned to succeed President Giovanni Leone when Parliament elects a new chief of state next December.

In a show of solidarity, about 15,000 Communist students waving red hammer-and-sickle flags paraded from Piazza Venezia to the Colosseum for a rally protesting the killing.

"Either we go to the rally for Moro or we go to the funeral of democracy," one Communist youth said.

Elsewhere, the city fell into an eerie quiet.

Hundreds of Romans crowded into churches to pray for Mr. Moro and his family. The newscaster on Italy's state radio wept as he read the news. Motorists pulled their cars to the side of the road and abandoned them to rush into cafes to hear newscasts. Many sobbed openly on the street.

News of Mr. Moro's death

3 Killed in Protests

By Moslems in Iran

TEHRAN, May 9 (AP)—Police and pro-government groups clashed with religious dissidents in several Iranian cities yesterday and today, causing at least three reported deaths in the northwestern city of Tabriz and scores of injuries. The protesters, orthodox Moslems, oppose government liberalization of Iran's traditional Islamic society.

Anti-government protesters also were reported to have smashed windows, burned cars and attacked movie theaters, banks and other establishments.

Japanese Boat Seized

By U.S. in Pacific

HONOLULU, May 9 (AP)—The Coast Guard has seized a Japanese fishing boat near Kure Atoll for allegedly fishing within the 200-mile U.S. fishery conservation zone without a permit, officials said.

The Koshin Maru 21 was sighted by a Coast Guard patrol plane Thursday north of the Hawaiian Islands and was directed in a message dropped from the aircraft to proceed to Midway Island, where it was boarded, a Coast Guard spokesman said yesterday.

Samuel Trask Dana

ANN ARBOR, Mich., May 9 (AP)—Samuel Trask Dana, 95, first dean of the University of Michigan School of Natural Resources, died yesterday in Alexandria, Va.

Raymond Rubicam

SCOTTSDALE, Ariz., May 9 (AP)—Raymond Rubicam, 85, co-founder and a former chief executive officer of Young & Rubicam advertising agency, died yesterday.

A Practical Guide to U.S. Taxation of Overseas Americans

Recommended by Business Week. Covers both new rules and old rules. Only full-length guide (311 pages) to tax problems facing Americans abroad. By Harvard-trained lawyer T. E. Johnson.

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After Reports of Pullout

Role of French in Tyre Unclear

By Joseph Fitchett

PARIS, May 9 (IHT)—Published reports that French United Nations troops plan to pull out of Tyre in south Lebanon prompted an outcry in Paris newspapers today accompanied by speculation in Jerusalem that Israeli forces would stay in their remaining military positions in Lebanon.

Denials that the French contingent had been ordered to evacuate the southern port came from a UN spokesman in Beirut and from French Foreign Minister Louis de Guiringaud, who said here that a planned French "redeployment" did not include the abandonment of the Tyre barracks which served as French headquarters until clashes took place.

However, newspapers citing French diplomatic sources said here that the UN had ordered the 1,300-man French force, the largest national contingent in the UN Truce Monitoring Mission, to new positions farther south to avoid clashes with Palestinian or Lebanese guerrillas infiltrating toward Israel.

Other reports here said the UN

high command had ordered the French battalion, which has had several encounters with Palestinian forces, not to exchange fire with guerrillas, so that any French forces left in Tyre would be only "administrative."

Israeli sources said that any further Israeli pullbacks in south Lebanon would be dependent, at least in their timing, on decisions about the use of the French contingent.

A military source said any retreat by UN forces "would be a blow to the UN's credibility as a deterrent... and an open invitation to increased guerrilla activity."

He said the peace-keeping troops were losing a war of nerves with the Palestinians.

Israel, currently holding a strip of Lebanon six miles deep across the 64-mile border, has said it will withdraw only when UN troops now 4,000 and soon to be increased to 6,000 — can keep the guerrillas from the frontier.

Meanwhile French newspapers criticized the UN and the French government for the reported plan to move the French troops away from their initial positions around Tyre and along the Litani River, where they attempted to stop guerrillas moving along the coastal roads. Mr. de Guiringaud said he hoped the new deployment would "place the French troops in less difficult situations."

Ignoring UN statements that no French abandonment of Tyre is envisaged, French commentators said French troops were being forced into a humiliating retreat in the face of Palestinian guerrillas.

Le Monde said that the planned redeployment would hurt French credibility and France's position as a permanent member of the UN Security Council unless the French contingent's role is defined clearly.

Other newspapers quoted French paratroopers in south Lebanon bittering.

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terly criticizing the UN's lack of determination in carrying out its mandate, and complaining that French "casualties" had been incurred "for nothing" since the UN apparently was undecided about whether it really wanted to check guerrilla infiltrations.

French commentators also said President Valéry Giscard d'Estaing was engaging the French army in overseas ventures without due reflection about the possible complications.

Norwegians Fire Back

BEIRUT, May 9 (AP)—Palestinian guerrillas opened fire today on Norwegian troops, who fired back for the first time and killed a guerrilla. UN sources here reported.

A Norwegian soldier was wounded slightly in the leg during during the fighting in Kautaba, a hillside village in southeastern Lebanon that.

"The guerrillas opened fire with a mortar on the UN position this afternoon. The troops took it for awhile and then decided to go after them," a Norwegian officer in Beirut said. The Palestinian manning the mortar was killed by a rocket-propelled grenade and two Palestinians were wounded, the source said.

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European Leaders Express Horror

(Continued from Page 1)

But Spanish and French Communists denounced the killing in terms reflecting the differing positions of their parties.

The Spanish Communist party said that it was a "crime against Italian democracy and democracy in all of Europe," hinting that the assassination was a reprisal against Mr. Moro's role in bringing the Italian Communist party closer to a government role. "It only serves the most obscure forces of reaction and imperialism," the Spanish Communists said, a phrase they sometimes

use in reference to the East as well as the West.

The French Communist leader, Georges Marchais, in a telegram to Italian Communist leader Enrico Berlinguer, deplored the murder and said that it only served "the worst reactionaries," an unambiguous attack on the right in the French lexicon. Mr. Marchais sent his condolences, in the following order, to "the Communists, the democratic forces, and all the Italian people."

Raymond Barre, the French Prime Minister, said that the ordeal "touched all democracies through Italy" and declared that "our common duty is to defend the security and liberty of citizens without reserve or concession."

The president of the French Assembly, Jacques Chaban Delmas, addressed Pietro Ingrao, his Italian counterpart, who is a Communist, in a gesture of parliamentary solidarity.

The West German government issued an official statement saying that "the murder of this important politician who has served the Italian republic must be taken as a call to all governments for even closer cooperation in the struggle against international terrorism."

West German police experts have been in Rome trying to help track the terrorists. But diplomats with close knowledge of the Italian

capital pointed out privately that for a generation, the Christian Democratic rulers had been preparing to fend off an expected coup d'etat from the Italian Communist party and, therefore, have been severely handicapped and disorganized in trying to deal with extremists now that the Communists support the government.

A French diplomat, who flew to Paris from Rome shortly after the news of the killing, said that people in the Italian capital were "scared" of an agitated reaction and that there was a feeling that "if there were a Mussolini in the drawer, he'd be popping out soon."

Widespread Concern

While officials did not say so publicly, and it was too early for press reaction, there seemed to be fairly widespread concern in government quarters for the effects that the murder might have on the stability of the Italian state.

British Prime Minister James Callaghan, in a message to Italian Premier Giulio Andreotti, declared his government's "determination to do everything possible, in cooperation with your government and other democratic governments, to protect the rights of individuals and foundations of democratic institutions from the threat posed by terrorist violence."

In Austria, Vice-Chancellor Hannes Androsch spoke in the absence of Chancellor Bruno Kreisky, calling the murder "a tragic evidence for the need to do everything possible to fight terrorism, especially by way of prevention." He said that it was essential to deal with "the causes" as well as the "effects" of terrorism, without making clear his meaning.

Calling the assassination "an insidious attack on democracy," Belgian Premier Leo Tindemans said that the objective was "to sow the seeds of chaos through terror." He said that the best way to honor Mr. Moro's memory was for "all true democrats in this tragic hour to form a front to defend human values and our institutions."

Detestable Act

Norwegian Premier Odvar Nordli called the killing a "detestable act of terrorism" and expressed "respect for the difficult decision which the Italian government had to take."

Politicians, union leaders and business leaders everywhere spoke of their loathing of the crime and their sense of need for greater common efforts to suppress terrorism. Many of them stressed the feeling that the democracies of Europe constituted a joint target for the violent activists and, more or less subtly, offered support to Italy to rebuff any attempt to turn condescension at the crime into a political or forceful upheaval.

U.S. Approves

Air-Fare Cuts

NEW YORK, May 9 (NYT)—The Civil Aeronautics Board granted U.S. domestic airlines permission yesterday to cut first-class fares throughout the country to 130 per cent of normal coach fares.

Starting date for the new fares, which had been requested by all the scheduled lines, will be May 19. The reductions will be as much as 20 per cent of present fare levels.

To illustrate the effect of the new ruling, the CAB said the one-way first-class fare between New York and Los Angeles would drop to \$286 from \$359. The fare will go to \$114 from \$136 between New York and Chicago, and it will drop to \$49 from \$57 between New York and Boston.

Vorster Probing

'Image' Funds

Move Away From Nuclear Power Applauded

California's Brown Bets 'Energy Bonanza' Is Coming

By Lisa Cannan

SACRAMENTO, Calif. (WP)—Wind, wood chips, the sun and garbage have replaced the atom as the symbols of the energy future in California, where Gov. Edmund Brown Jr. is gambling that what he calls "an energy bonanza" is just around the corner.

In this gamble that involves the economic well-being and life-style of 22 million Californians, there is no consensus, no mutual trust and understanding and little common ground.

Mr. Brown and his supporters see the turnaway from nuclear power epitomized by the Legislature's recent rejection of the San Diego nuclear power plant as prudent and overdue. The governor predicts that there will be an "energy glut" in California as the state develops its resources in geothermal steam and solar power as well as such things as a "cogeneration" plant that would use refuse and garbage to make steam and electricity.

On the other side, many industry spokesmen and public figures agree with the view expressed recently by California Attorney General Evelle Younger that without San Diego, "the lights will go out in California in five to eight years."

tion between himself and President Carter on the nuclear issue as a condition to a possible presidential challenge in 1980. This is the reason cited by most of Mr. Brown's critics to explain his actions.

Such critics as former Democratic Assembly Speaker Bob Moretti say that Mr. Brown's opposition to any nuclear development is based on his desire to carry a "pure anti-nuclear banner" and win the support of such environmental groups as the Clamshell Alliance in the New Hampshire presidential primary in 1980.

'Down Payment'

Alan Pasternak, the only Energy Commission member who favored San Diego, says, "The \$100 million that has been spent on the abandoned San Diego plant can best be regarded as a down payment on the New Hampshire primary that will never face an audit from the Federal Election Commission."

What makes Mr. Brown's critics especially suspicious is the absolute certainty with which the governor and his chief deputies express their belief that an energy glut is just around the corner.

"I don't personally think there's any chance at all of an energy shortage in the 1980s," says Tom Quinn, chairman of the state Air Resources Board. Mr. Quinn has been a tough and resolute enforcer of air-quality standards, but he is now confidently predicting that

coal plants can be built in the smogless Southern California desert without hurting air quality.

Brzezinski Called Biased Toward Jews

By Bernard Weinraub

WASHINGTON, May 9 (NYT)—Sen. Lowell Weicker Jr., R-Conn., charged yesterday that Zbigniew Brzezinski, President Carter's national security adviser, had "singled out American Jews as an impediment" to the Carter administration's policies.

In an emotional dinner speech marking Israel's 30th birthday and before about 800 members of the American Israel Public Affairs Committee, as well as government officials and congressmen, Sen. Weicker said: "We know from history that time and time again, when national leaders ran into difficulties, they found it convenient to blame their problems on the Jews. And we know what were the results. If there is a meaningful distinction between these historical proclivities, and the signals which Brzezinski is sending today, I don't know what it is. I can tell you if I

were president, and I had a national security adviser who singled out American Jews as an impediment to my policies, I would have his resignation before sundown, and his reputation for breakfast."

Jerold Schechter, a spokesman for Mr. Brzezinski, said: "These kind of false, inflammatory statements are unworthy of comment and are counterproductive for serious discussion of the Mideast problem."

Integrity Sworn

Mr. Schechter noted that Mr. Brzezinski recently said that the United States commitment to Israel was "unshakable" and "deeply engraved in the fabric of our own society."

Sen. Daniel Moynihan, who followed Sen. Weicker, inserted sevenfold the emotions of the Jewish people is a disservice to the United States, to the state of Israel and to the cause of peace," Mr. Lipshitz declared.

low academic, and as a fellow Democrat through the administration of five presidents," said Sen. Moynihan in a speech that was generally critical of the administration's foreign policies.

"His integrity in these matters is as perfect as that of the President and the secretary of state."

[Amid a mixture of boos and applause, presidential adviser Robert Lipshitz, in an unscheduled appearance, denounced Sen. Weicker's allegations, declaring he was "dead wrong." Associated Press reported.]

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Thinks He Knew of Plans for the Burglary

Aide Disputes Nixon Watergate Stance

By William J. Eaton

WASHINGTON, May 9—A former White House aide who had a close-up view of Richard Nixon as president said yesterday he believed that Mr. Nixon knew in advance of plans for the Watergate break-in at Democratic party headquarters.

The assertion was made by Alexander Butterfield, who first disclosed that Mr. Nixon had a secret taping system for White House telephones and offices. Mr. Butterfield, now a business executive in Burlingame, Calif., drew an unusually harsh portrait of Mr. Nixon as president in a letter that is now being circulated around the nation.

Mr. Nixon wrote in his "Memoirs," published last week, that he was surprised to hear of the Watergate burglary and the arrest of one burglar who was employed by the Committee for Re-election of the President in 1972. Mr. Nixon said he dismissed it as a preposterous prank.

But Mr. Butterfield said in his letter — and reaffirmed in a telephone interview yesterday — that he felt that Mr. Nixon surely knew of the Watergate break-in before he went.

Authority Stressed

"Under no circumstances — under absolutely no circumstances — would Mr. Nixon's people on the White House staff or at the Committee to Re-elect the President undertake any action, much less one of the magnitude of a break-in at the Democratic National Committee headquarters, without the clear and expressed approval (direction, actually) of the president," Mr. Butterfield wrote in the letter.

"I'm amazed at how many Americans don't yet understand the extent to which Richard Nixon was in charge at the White House and monitored and supervised every operation, every activity, every program and every plan," he added.

"It's hard for me to comprehend how some people... can still believe his aides, 'unbridled,' got him into trouble. That's such a fable!" he wrote.

Mr. Butterfield, a retired Air Force colonel, also gave an intimate glimpse of Mr. Nixon as president in his letter. The letter was addressed last spring to Dr. David Marcus, a Palm Springs, Calif., dentist who is writing a book about Watergate.

Sent to 'Enemies'

Dr. Marcus recently sent copies of the May 23, 1977, letter to several hundred persons who were on the White House "enemies list." One of those copies was obtained by the Los Angeles Times.

While Mr. Nixon was a hard-working president with a vision of great accomplishments for the nation, he was flawed by personal ambition and a relentless effort to put down his adversaries, Mr. Butterfield wrote.

"I saw Richard Nixon up close 20 times a day and can vouch for the fact that he never really relaxed," he wrote.

"He was never humble. He could be observed on almost an hourly basis violating that key precept of effective office: Put the public trust above personal ambition."

"And of course along with that 'King Richard — Ruler of the Free World — I'll show those bastards' complex was an unmistakable arrogance," Mr. Butterfield added.

"It seemed whenever he spoke to cordially in the Oval Office, staff aides or guests, he orally abused upon that person's departure... and usually with vehemence," he added.

Los Angeles Times

Kennecott Corp. Townspeople Resist Bids to Move Them Out

LARK, Utah, May 9 (AP)—Kennecott Copper Corp. announced yesterday that it would give Lark residents another year to move out of the doomed company-owned town, accept a relocation allowance of up to \$1,500 and an offer to buy their homes at 20 per cent above appraised value.

But Hilda Grabner, an 81-year-old widow who carried the town's plight to Kennecott's stockholders' meeting in New York last week, said the offer was "terrible."

"I disagree with it totally. It's not up to the expectations of the townspeople," she said after a meeting with company representatives. Robert Pratt, president of Kennecott's Utah Copper Division, made the proposal at a closed meeting with Mrs. Grabner and other town representatives. A six-member town committee presented no counterproposal, saying it wanted to discuss the offer with other residents first.

Ten days before Christmas, Kennecott announced that it was tearing down the town to make way for the expansion of its open-pit mine, the largest in the world. The company said it wanted to get out of the business of running towns until this Aug. 31 to vacate. Yesterday's announcement moved the date to Aug. 31, 1979, and offered residents \$1,000 to leave by then. A \$500 bonus would be given if they move out by the original deadline.

The hilly town of mostly frame buildings has 107 families. Fifty-four own their own homes and 53 rent units acquired by the company last December, the firm said.

Ellsberg Seized Again in Protest At A-Arms Plant

GOLDEN, Colo., May 9 (AP)—Jefferson County sheriff's deputies again arrested former Pentagon analyst Daniel Ellsberg and 24 other anti-nuclear protesters yesterday for allegedly trying to stop a train from entering the Rocky Flats nuclear weapons plant.

Undersheriff Denny Boeka said that the protesters were charged with criminal trespass and obstructing a passageway — the same charges that prompted their arrest Friday. The demonstrators had returned to the area Sunday along a little-used railroad spur just outside the plant's boundaries.

Mr. Boeka said that the arrests were made after officers received a formal complaint from the Department of Energy, which owns the facility.

Sheriff's officers said that 17 of those arrested were released on their own recognizance, while the remaining eight demonstrators were being held in the Jefferson County Jail on \$500 bond each. Mr. Boeka said that the eight persons, including Mr. Ellsberg, were being held either because they had been arrested Friday or gave fictitious names to officers.

Bandits Strike Out

LONDON, May 9 (UPI)—Six gunmen raided two strongrooms at London Heathrow Airport yesterday, tied up three watchmen, and escaped with — nothing. Detectives said the gang apparently did its homework wrong. The strongrooms, which often contain bullion, jewelry and currency worth millions of pounds, contained nothing of value.

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Fears Military Use

U.S. Bars China Request For Scientific Equipment

By Bernard Gwertzman

WASHINGTON, May 9 (UPI)—The Carter administration has rejected an application by a Michigan company to sell China airborne scanning equipment to detect mineral deposits and future earthquakes. The decision was taken on security grounds while a high-level Chinese scientific team was in Ann Arbor following a State Department-approved 16-week training course in using the equipment.

The decision, made last week, was conveyed to the Ann Arbor company, Daedalus Enterprises, Alan Parker, president of the firm, said yesterday in a telephone interview that the company believed that the decision was unfair and that it would appeal the case.

The money involved was \$2.8 million, but the decision was potentially embarrassing because of the planned visit to Peking later this month by Zbigniew Brzezinski, the President's national security adviser. The case underscores the administration's continuing problem in trying to encourage more trade with China, while adhering to guidelines barring sales of materials with possible military uses.

Advanced Equipment

The Chinese lately have shown strong interest in purchasing from the United States advanced equipment for use in geological work, much of it for developing new oil reserves. But because much of that equipment could have possible military applications, it has been difficult for U.S. companies to complete sales. Christopher Phillips, president of the National Council for United States-China Trade, said in an interview yesterday.

Mr. Parker said that his company had been in touch with Chinese authorities since 1972 about the possible sale of equipment to them.

Officials Deny Conspiracy in Chicago 7 Case

CHICAGO, May 9 (UPI)—The judge and the prosecutor in the "Chicago Seven" conspiracy trial have denied allegations that they collaborated to hold the defendants in contempt of court.

"What an absurdity," U.S. District Court Judge Julius Hoffman said yesterday. "I never have any ex parte conversations with lawyers in a case."

William Kunstler, chief defense attorney in the decade-old case, said Sunday that the case would be reopened because of newly discovered FBI documents indicating that Judge Hoffman conspired with the prosecution to inhibit a fair trial.

The documents "prove that the prosecutor and the judge were working together to destroy the defendants, their lawyers and their supporters," Mr. Kunstler said. "This violates the idea of judicial impartiality."

Misuse of Funds Is Admitted by Priest in U.S.

BALTIMORE, May 9 (UPI)—The Rev. Guido John Carachi, the former chief fund-raiser for the Pallotine Fathers, pleaded guilty today to one count of "fraudulent intent" to misappropriate funds raised by the Catholic priests.

He was sentenced to 18 months of supervised probation and was ordered to work for one year as a counselor in the Maryland correctional system.

Father Carachi streamlined mail-order fund raising to a fine art in the name of overseas charities. But an audit ordered by the Baltimore Roman Catholic archdiocese showed that of \$20 million raised in an 18-month period ending in December, 1975, less than 3 percent was sent overseas.

Much of the money was invested in land and tourist facilities in Maryland and Florida, and \$54,000 of it was loaned to suspended Gov. Marvin Mandel so he could divorce his first wife, Barbara, and pay medical bills incurred by his second wife, Jeanne.

Tornado Hits Atlanta
ATLANTA, May 9 (UPI)—A tornado struck two apartment buildings and a business district in suburban Forest Park last night, injuring at least 17 persons.

although negotiations became serious only last year.

The equipment involves infrared geological scanning devices that are mounted on aircraft to detect heat, light and moisture impulses from the ground. The signals are transmitted to highly advanced magnetic tape recorders aboard the aircraft and are eventually fed into a computer to make a geological image.

Inter-Agency Panels

Under current export regulations, equipment with possible military application must receive validated licenses from the Commerce Department and routinely, such requests for licenses are studied not only by Commerce but also by a series of inter-agency panels involving the State Department, the Defense Department, the Central Intelligence Agency and others. Decisions are taken by consensus, with any disagreements forwarded to higher-level panels for action.

Mr. Parker said that he understood that the Defense Department was particularly concerned about the inclusion in the proposed sale of highly-advanced tape recorders that it feared could be used to monitor U.S. military communications.

But he said that he was personally convinced that the Chinese were serious about using the equipment for the stated purpose — for geological exploration.

Carter administration officials, while acknowledging privately that the transaction was denied, declined official comment.

Students, Police Clash in Seoul

SEOUL, May 9 (UPI)—Police broke up a demonstration yesterday of about 1,000 students protesting the Constitution keeping President Park Chung Hee in power.

Witnesses said that the students at state-run Seoul National University hurled rocks at the 300-man police contingent and that at least one policeman was injured in the brawling clash. Ten students reportedly were arrested.

The witnesses said that the protest rally started after three students distributed mimeographed statements demanding the repeal of the Constitution and the release of political prisoners. The students later scheduled a one-week campus strike to start May 19.

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Defeats Janata in Uttar Pradesh

NEW DELHI, May 9 (Reuters)—Former Prime Minister Indira Gandhi's Congress party today scored its first parliamentary by-election victory in northern India, where only a year ago she suffered a crushing defeat in general elections.

The Congress party candidate, Mrs. Mohsina Kidwai, defeated the ruling Janata party nominee, Ram Bahadur Yadav, by 35,385 votes in Azamgarh, a backward constituency in Uttar Pradesh state. Mrs. Kidwai, party president in the state, won 131,339 votes and Mr. Yadav 95,944.

Mrs. Gandhi's Congress party

also humiliated the Janata by winning two state assembly by-elections in Azamgarh district last night. Last February, it captured power in Maharashtra, Andhra Pradesh and Karnataka states in assembly elections.

Mrs. Gandhi's party lost last year's national elections mainly because of her unpopular program of forced sterilizations and a harsh 21-month emergency rule that ended with her ouster.

The official faction of the Congress party, which split into two last January with Mrs. Gandhi heading the offshoot wing, was also badly mauled in the Azamgarh by-elections.

After some hesitation, the sources said, high-level CIA officials in Washington decided against this operation.

Details of the agency's purported role in the overthrow of Nkrumah became available after John Stockwell, a former CIA operative, briefly described it in a footnote to his newly published book, "In Search of Enemies."

The Stockwell book, a highly critical inside account of the CIA's covert involvement in the Angolan



Costa Rican President Rodrigo Carazo (left) hailed by the crowd after ceremonies in San Jose.

Fulfilling Campaign Pledge

New Costa Rican President Bars Vesco

SAN JOSE, Costa Rica, May 9 (AP)—President Rodrigo Carazo fulfilled a major campaign promise following his inauguration yesterday and barred fugitive U.S. financier Robert Vesco from returning to Costa Rica.

Mr. Vesco, wanted in the United States on charges of embezzling \$224 million, left Costa Rica April 30 for a business trip around the Caribbean, his attorney said at the time. He is believed to be on the island of Grenada, off Venezuela.

Mr. Carazo made an election pledge to kick out Mr. Vesco and fulfilled it at a session of his government council of nine Cabinet ministers immediately after he was sworn in as Costa Rica's 36th President.

"Wherever he is, let it be known that he cannot come back to Costa Rica," Cabinet secretary Jose Rafael Cordero said in announcing the decision to newsmen.

Although Mr. Vesco has a citizenship application pending before a Costa Rican tribunal and the government is appealing a court ruling in his favor in another case, the le-

gal basis for the ban was not announced. But officials said that it cannot be appealed. A presidential spokesman said that all ports of entry have received instructions to refuse Mr. Vesco re-entry if he attempts to return.

A local newspaper said that Mr. Vesco's wife and the couple's three youngest children left the family's \$500,000 home on the outskirts of San Jose three weeks ago and went to New Jersey, their former home.

\$60-Million Holdings

Government sources would not say what might be done about Mr. Vesco's holdings in Costa Rica, estimated at \$60 million. He is believed to have another \$50 million invested in the Bahamas.

The 43-year-old financier is accused in the United States of looting Investors Overseas Services, Bernard Cornfeld's bankrupt mutual fund which Mr. Vesco took over, and of illegally contributing \$200,000 to former President Richard Nixon's 1972 re-election campaign fund. The Internal Revenue

Service is also seeking \$1.1 million in taxes from him.

Mr. Vesco moved to Costa Rica in 1972, and successive U.S. requests for his extradition were blocked by President Jose Figueres, to whom he lent \$2.15 million.

They were also blocked by his successor, Daniel Oduber, to whose campaign Mr. Vesco contributed heavily. Mr. Figueres and Mr. Oduber were leaders of the National Liberation Party, which Mr. Carazo defeated in an upset election Feb. 5.

Mr. Carazo made a last-ditch effort to gain Costa Rican citizenship to avoid extradition, and it looked as if he might succeed when a fraud suit against him was dismissed last month on grounds of insufficient evidence. Citizenship cannot be granted to persons with criminal records.

The government appealed the verdict, however, and allowed Mr. Vesco to leave the country on a 75-day travel permit after he posted \$33,000 bond.

Mr. Carazo, 51, took the oath of office at the national soccer stadium and told a crowd of 20,000, including Rosalynn Carter that Costa Rica "will cease to be a haven of fugitives from justice and international delinquents."

The oath was administered by the president of the National Assembly after outgoing President Oduber surrendered the symbolic red, white and blue sash of office.

Civil Guard Killed, 3 Hurt in Pamplona

PAMPLONA, Spain, May 9 (AP)—Terrorists killed a paramilitary civil guard and injured three today by exploding a shrapnel bomb from a lightpost as the policemen's car passed by, authorities said.

Terrorists in a car also fired a submachine gun at two civil guards on duty at the Pamplona post office, but the two were unhurt.

Although the proposal concerning the Chinese embassy was approved, Mr. Stockwell wrote, "inside CIA headquarters the Accra station was given full, if unofficial credit for the eventual coup. None of this was adequately reflected in the agency's written records."

Other sources who were in Ghana at the time of the coup took issue with the view given in the Stockwell book that the CIA station in Accra deserved full credit for Nkrumah's overthrow.

Nkrumah had been the subject of one prior assassination attempt. At the time he was deposed, during a diplomatic trip to China, there were thousands of Ghanaians in jail without trial and growing opposition to his increasingly heavy-handed rule.

His overthrow was met with widespread approval by the citizens of Accra, according to press reports at the time. There were Soviet press reports that the CIA had played a role in the coup.

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Filing Provisions in Limbo

Urgency Felt on Overseas Tax

By Robert C. Siner

WASHINGTON, May 9 (UPI)—A determined effort to have the Senate act before Monday on a bill to revise the taxation of Americans living abroad is being mounted by the Senate Finance Committee, it was learned.

The move began with a special hearing yesterday morning to deal with problems that might be raised by a Library of Congress report sharply critical of the revision plan. It continued later with meetings of key staff aides trying to avoid protracted debate, which could doom the bill for the session. The aides were barely optimistic about succeeding.

On Monday the Senate is scheduled to take up labor reform and once that comes to the floor, an aide said, it would be virtually impossible to take up any but the most urgent or noncontroversial measures.

This would rule out any action before Americans living overseas have to file their U.S. tax returns. Representatives of overseas chambers of commerce, in meetings last week with members of Congress, said that it was urgent that the tax bill be taken up. They said that while the filing deadline is nominally June 15, tax returns had to be put into the mails in foreign countries days — even weeks earlier — because foreign postmarks are not recognized by the Internal Revenue Service as proof of filing before the deadline.

Consensus Needed

To get action before Monday, "we have to do it by consensus," a staffer said, adding that there would be no time for lengthy arguments on any but the most minor or noncontroversial amendments. He and other aides indicated that the bill faced an almost now-or-never situation.

The bill would defer the foreign income provisions of the 1976 Tax Reform Act for income earned in 1977 and 1978. Income earned in 1979 and thereafter would be taxed under rules proposed by Sen. Abraham Ribicoff, D-Conn. The revision would replace the income exclusion with special deductions for education, housing and cost-of-living.

If the Senate passes the measure it must still go to conference with the House, which late last year passed a bill deferring the Reform Act provisions for one year. That bill was amended by the Senate Finance Committee to include the Ribicoff proposal and extend the deferral for an extra year.

House Ways and Means Committee Chairman Al Ullman, D-Ore., has indicated that he would not try to strip the Ribicoff plan from the measure but would make some adjustments and modifications, while leaving the basic format intact.

Proxmire Opposed

Any attempt to remove the Ribicoff provisions, either in the Senate or during the conference, and pass a separate measure deferring the Tax Reform Act, is certain to run into opposition, especially from Sen. William Proxmire, D-Wis.

Sen. Proxmire, while supporting reform, has planned to submit numerous amendments to any bill that is limited to a deferral of the 1976 act. However, Sen. Proxmire has supported the Ribicoff plan and probably will vote for it.

If the bill emerges from the conference it must then be approved by both houses and signed by President Carter before it becomes law.

Monday morning the Finance Committee took testimony on a report critical of the Ribicoff plan. The report was made by the Library of Congress at the request of Sen. Edward Kennedy, D-Mass.

The hearing was seen as an effort to head off the lengthy floor debate on the report.

Committee chairman Russell Long, D-La., set the tone of the hearings by emphasizing the importance of having Americans living overseas and the fact that the Tax

Reform Act made U.S. companies less competitive than their foreign counterparts.

Witnesses, including Treasury Under Secretary Anthony Solomon, Controller General Elmer Staats and George Shultz, president of the Bechtel Corp. and a former Treasury secretary, were uniformly critical of the Library of Congress study, which argued that tax relief granted by proposals now before Congress are excessive when compared to the relief that could be justified on the basis of differences be-

tween the cost of living in the United States and abroad.

Seven Kraft of the accounting firm of Deloitte, Haskins & Sells in Zurich said that Americans overseas would have to decide when to file on a "day-to-day" basis, because it was impossible to predict what Congress might do. He added that unless Congress acted, Americans overseas should file under the provisions of the 1976 law and that the IRS would not grant a blanket extension of the filing date to July 15, as it did last year.

Says Labor Will Not Quit

Callaghan Ignores Defeat On Income Tax in House

LONDON, May 9 (UPI)—Prime Minister James Callaghan said his minority Labor Party government will not resign despite an eight-vote defeat on a key section of its annual tax bill.

Conservatives, Liberals and members of small regional nationalist parties combined against the government last night to approve an opposition motion to cut the basic personal income tax rate from 34 to 33 percent.

The Labor government, which opposed the measure, lost by a vote of 313 to 304.

The Conservative "shadow" chancellor of the exchequer, Sir Geoffrey Howe, immediately called on the government to resign following its defeat on the "crucial question on the basic rate of income tax."

Government officials said Mr. Callaghan had decided he could continue to govern despite the defeat and there was no need for him to quit and submit to a general election he might lose.

Chancellor of the Exchequer Denis Healey, who strongly opposed the tax amendment to his finance bill, now has to find other ways of raising the estimated \$684 million he will lose by the tax reduction.

If he puts up higher indirect taxes he faces an increase in the inflation rate, with immediate demands from the unions for an end to the government's pay restraint policy.

If he taxes employers, he is likely

to cause an increase in the number of people out of work.

Mr. Healey slashed income taxes by \$4.75 billion in his annual budget statement last month. But the Conservatives and Liberals and smaller parties argued bigger cuts were necessary to prime Britain's sluggish economy and provide incentives for both workers and management.

It was the first time the Liberal had voted against the government on a major issue since agreeing 11 months ago to support it in Parliament until the nation's present economic difficulties are overcome.

But the Liberals have said they will end this pact with the government by the end of the current parliamentary session in July.

Carter Offers To Lobby for Labor Reform

WASHINGTON, May 9 (UPI)—President Carter today predicted bitter battle in Congress to secure pliant major labor-law reform, but he told a group of union leaders and their supporters that they count on his help.

Mr. Carter invited about 60 labor leaders to the White House for a breakfast meeting to plan strategy on the legislation, which is scheduled to go to the Senate floor for debate Monday.

"I'm in it with you," he told his guests, and he offered to lobby doubtful senators during a filibuster, which is expected on the bill.

Labor Secretary Ray Marshall said the Senate has received more mail about the measure than received before the Panama Canal treaty votes. And he said that it bill has been "grossly distorted" by business.

Mr. Carter also took the opportunity to remind the labor leaders that unemployment has dropped during his 15 months as president and he said it is now time to tack inflation.

"I'm in it with you," he told his guests, and he offered to lobby doubtful senators during a filibuster, which is expected on the bill.

Massachusetts Raids Gamblers

BOSTON, May 9 (UPI)—A \$25 million-a-year sports gambling syndicate with alleged ties to Las Vegas, New York City, Miami and Bermuda was smashed yesterday by authorities in 23 separate raids in and around Boston.

"It is the largest illegal sports gambling syndicate in New England," said Norfolk County District Attorney William Delahunt. "The syndicate involve 40 to 50 people, not just low-level bookies, whom we expect to be indicted." He added that no arrest had been made but said that he planned to ask for a special grand jury to determine whether indictments should be handed up.

The district attorney said the more than 100 state police team Boston police officers and county authorities "seized guns, book records, gambling paraphernalia and money in excess of \$25,000," in Norfolk, Suffolk and Middlesex counties.

Bonn Envoy, Briton Expelled by Ethiopia

LONDON, May 9 (Reuters)—West German Diplomat and British agricultural expert were expelled from Ethiopia yesterday after being caught trying to leave the country illegally and possessing unauthorized weapons, the Addis Ababa radio has reported.

The radio, monitored in London, said that the two men were arrested April 25 at Asosa, in western Ethiopia near the Sudanese border and brought back to Addis Ababa.

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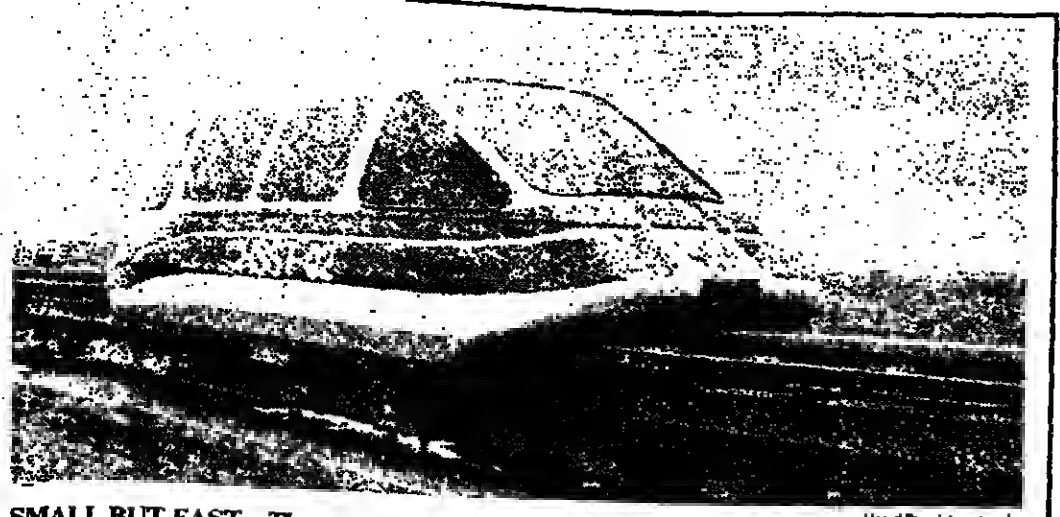
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SMALL BUT FAST—The second prototype of the high-speed train, built for Japan Airlines to link its new airport at Narita with Tokyo, goes through its paces near Kawasaki. The 22.5-foot car, which seats nine, accelerates from 0 to 62.5 mph in 15 seconds and without wings.

Airliner Settles in Escambia Bay

3 Killed, 3 Missing in Florida Jet Crash

PENSACOLA, Fla., May 9 (AP)—Three persons were killed and three were unaccounted for today after a National Airlines Boeing 727 crashed in Escambia Bay, wing passengers to scramble out emergency doors into a fog-covered slicked with jet fuel.

The plane, which was carrying 53 passengers and a crew of seven, set in mud 10 feet below the bay's floor.

Divers sent into the partially submerged aircraft said that everybody was out. But fog and haze impeded rescue efforts. A head count was further confused because passengers were scattered among hospitals and several rescue teams

have drowned," Marine Patrol Sgt. William Clenny said. The identity of the captain of the tugboat, called the Little Joe, was not immediately available.

The plane, Flight 193 out of Mobile, Ala., crashed on the western tip of Florida's panhandle, 20 miles from the Alabama border and 50 miles from Mobile, as it made a final landing approach at the Pensacola Airport.

"We have no idea of the cause of this," an airline spokesman said.

A duty officer for the Federal Aviation Administration regional office in Atlanta said that the plane disappeared from radar screens and

radio contact when it was about 3 miles from Pensacola Airport.

But the Boeing pilot gave no indication of any problems as it made its landing approach, the officer said.

The downed airliner, its tail lights still shining hours after the crash, was mired in mud with at least a third of the fuselage above the water. A flotilla of rescue boats and helicopters rushed to the scene in calm seas.

Many passengers emerged from the water soaked with jet fuel which leaked from the plane when it went down with 2,700 gallons of kerosene left in its tanks.

The Little Joe

Many were injured in the crash tonight, but dozens escaped safely when a tugboat captain pulled a barge to the plane, tied it up and helped the passengers clamber aboard.

If that barge hadn't been there, there's no telling how many would

Japanese Clear Not in Crash

OKYO, May 9 (AP)—A Japanese court acquitted the student pilot of a jet fighter that collided with a Japanese airliner in 1971 in a crash that killed the 162 persons and the airliner.

Reversing the Morioka district court, the Sendai high court canceled the two-year, eight-month term given Sgt. Yoshimi Ikawa, 24, in 1973. But the high court upheld the conviction of 20-year-old Tetsuo Kuma, Sgt. Ichiro's flight instructor, who was sentenced to four years in prison.

The crash occurred July 30, 1971, in the F-86 fighter collided with All Nippon Airways Boeing 727, Shizuoka, 290 miles north of Tokyo. The court said Sgt. Ichiro had no knowledge of the instructor's course and that it was fly outside his visual range. The court said, however, that the instructor could have prevented the crash.

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Air Museum Gets Funds

COLUMBUS, Ohio, May 9 (AP)—A congressional subcommittee has approved a \$2.35-million grant for expansion of the Air Force Museum at Wright Patterson Air Force Base to house 35 historical aircraft. It was announced yesterday. The Air Force Museum Foundation is to raise another \$2.33 million for the addition.

A Soviet Baby Is Surviving on U.S.-Made Formula

By Dan Fisher

MOSCOW, May 9—A dozen cans of the special formula stand prominently atop a cupboard in the tiny one-room apartment of Boris and Natalya Katz.

They are what is left of a shipment sent by U.S. doctors who believe that the Katz's seven-month-old daughter, Jessica, suffers from a rare and "extremely serious" disorder known as a malabsorption syndrome.

Jessica consumes a can of the formula every 2½ days. It is the only food her system seems able to accept.

At best, however, the formula is only a stopgap measure. Without treatment of the cause, "her chances of survival without permanent damage decreases with every passing day," according to a letter from Dr. Morris Chalick, Washington, D.C., one of several doctors who had been made aware of the situation by family members who emigrated to the United States.

Despite what appear to be extraordinary efforts in the Katz case, Soviet medicine has so far proved

inadequate in treating Jessica. Her parents want to send her to Boston, where doctors at the Children's Hospital Medical Center said they are confident they can help the child. But Soviet emigration authorities refuse to let her out of the country.

Jessica Katz is "the littlest refugee," Boris and Natalya Katz first applied to emigrate to Israel on May 16, 1975. They were refused. Natalya Katz first applied to emigrate to 31, had been exposed to state secrets when, prior to her marriage, she worked at the Soviet Institute of Experimental Meteorology and the Institute of Geophysics.

But Mrs. Katz, a computer specialist, insists that there had been nothing secret about her job.

Now, according to a friend, "the authorities are looking hard for evidence that the family is trying to use the baby to get their cherished visas."

To prove their good faith, they have pleaded with Soviet authorities to allow their daughter to leave without them — presumably with someone from the United States

who could come to Moscow as a tourist and return with Jessica. Even that request was denied verbally as recently as April 4, the parents said.

Stopped Growing

A big baby at birth (nearly 8½ pounds), Jessica stopped growing suddenly when she was about two months old and developed severe diarrhea and a head rash.

She was finally admitted to a hospital in January and was soon moved to a special children's hospital in Moscow.

Mrs. Katz and her daughter were examined by a team of doctors headed by the chief pediatrician of the Ministry of Health. The doctors diagnosed Jessica's problem as a disturbance of intestinal absorption but said that "nowhere in the world can this be treated," Mrs. Katz said. "They said we should simply wait until the organism cured itself — or didn't cure itself."

However, the doctors in the United States consulted about the situation think differently.

"We have had recently good results in our country in the diagnosis and treatment of disorders of the type this infant seems to have," Dr. Richard Feinbloom of the Harvard Medical School wrote to Boris Petrovsky, the minister of health.

A copy of the letter was sent to the family and Dr. Feinbloom also has spoken several times with Jessica's father by telephone.

In his letter to Mr. Petrovsky, Dr. Feinbloom said that his conversations with Mr. Katz "have convinced me that the child's condition is extremely serious."

He offered his own services and the resources of the children's hospital "to assist in the case."

Soviet medicine apparently has failed to cure the baby, but once the special formula arrived in March Jessica began to put on a few ounces for the first time since late last year. The formula, made by Meade and Johnson, provides predigested protein, according to the label. It is used for children with "severe or intractable diarrhea."

Jessica still weighs less than 13 pounds — only 4½ more than when she was born on Oct. 3. Doctors say that as a rule of thumb, babies should double their weight in the first six months. Mrs. Katz said her daughter should weigh nearly 19 pounds by now.

— Los Angeles Times

Ex-Official Tells Of AT&T Fund

CHARLOTTE, N.C., May 9 (AP)—John Ryan, a former Southern Bell Telephone Co. vice-president, has testified that he participated in a "compulsory" company political fund and also ordered some of his subordinates to contribute.

Mr. Ryan testified yesterday that officials of American Telephone & Telegraph Co., Southern Bell's parent corporation, approved of the fund and that the money was given to candidates in an attempt to win their favor.

On one occasion, Mr. Ryan said, he delivered personal checks from three top AT&T officials to the late Sen. Everett Jordan, D-N.C.

Burdensome Rules Eased
Protests a Faded Memory, March to ROTC Steps Up

NEW YORK (NYT)—A new generation of college students, bearing few memories of antiwar protests, is starting to march to an old and almost forgotten drummer: ROTC.

The Reserve Officers Training Corps, driven from some campuses and its ranks diminished on most others by the end of the draft and the disdain of students for anything military, is making a cautious comeback.

Enrollments are climbing each year, though they are still far below their levels of the early 1960s. In part, this resurgence is the result of a decision by the Army, Air Force and Navy to dispense with some of their more onerous requirements. Uniforms are worn less often now, and the hours spent on the drill field have been reduced sharply. Freshmen and sophomores in the corps are subject to a minimum of regulation, and the curriculum has been made more flexible, enabling officers on each campus to design their own courses.

Another reason for the resurgence is that the ranks have been opened to women, who now account for more than 20 per cent of ROTC students.

A Social Experience

And the training now includes such activities as mountain-climbing, backpacking and canoeing — activities that make participation in the corps something of a social experience and provide some appeal for those who favor an outdoor life.

All of this is being woven into a curriculum that emphasizes a grounding in leadership and management skills that students believe will help them in the civilian job market. Moreover, the pay cadets

receive from the military grows more attractive as the cost of higher education soars.

Campus demonstrations against ROTC virtually have disappeared, and dissident groups no longer hand out pamphlets demanding the corps' abolition.

Despite such opposition, ROTC stubbornly survived at Cornell, the University of Pennsylvania and Princeton University, though it has been eliminated elsewhere in the Ivy League.

At Princeton, the Air Force and Navy units have been closed and the Army unit, after going inactive in the 1971-1972 school year, has re-emerged in a scaled-down form. Princeton now has one of the most heavily constrained ROTC programs in the country, offering no academic credit and lacking professional designation for its instructors.

Yet, the corps, even at Princeton, is growing in popularity. There were only 20 participants when the program was reactivated, and now there are 96, including 13 women.

Growing Everywhere

The situation is similar elsewhere. There are 84,587 students in Army, Air Force and Navy ROTC. The Army program, with 59,677 students, the highest of the three, has steadily expanded since 1973, when enrollment fell to 53,220.

Money apparently has played an important role in the revival because more than 90 per cent of the Navy's 7,876 students and almost 30 per cent of the Air Force's 17,034 are on military-sponsored tuition scholarships. The scholarship proportion among the Army ROTC students is only 11 per cent.

Each ROTC student is paid about \$2,600 during the junior and senior years.

The emphasis placed on leadership training and management apparently has enticed ROTC's dwindling power among students.

"I feel it is to my advantage to take ROTC because of the leadership classes taught in the program," said Ron Webster, a junior at the University of Detroit. "These are things that can be used in any field."

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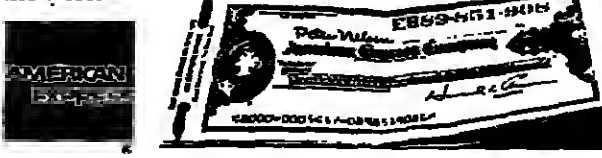
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Hua's North Korean Jaunt

When Zbigniew Brzezinski journeys to Peking the visit should comprise more than the mere courtesy and mild curiosity it originally seemed to involve. For Hua Kuo-feng, the current leader of the People's Republic of China, not only has made a trip outside his country's borders — very rare among Chinese Communist party chairmen — but he has gone to North Korea. And there he has attacked U.S. policy in the Korean peninsula with considerable vigor. Perhaps Mr. Brzezinski can discover why.

To be sure, Red China's association with Red Korea has always been close. It was Chinese troops, crossing the Yalu, which prevented Korea from being unified by UN forces, after the latter had narrowly prevented North Korea from unifying the land by a massive assault with Soviet weapons. At that time, China and the Soviet Union were widely considered parts of a single Communist domain, and there are some now who believe that Mr. Hua is making placating gestures to Moscow by using the rhetorical club on the United States.

But Peking and Moscow were not subject to a single will then and certainly they are not now. Rather, their soldiers glower at one another over a long, uncertain frontier, and Korea is part of that debatable ground. After all, Russia and Japan fought bitterly over that territory less than 50 years before the Korean war, and China was deeply concerned over the outcome. The Yalu, Korea's northern border, has long loomed large to Chinese strategists, as has Korea itself, especially the North.

Therefore, when Mr. Hua belabored the

U.S. occupation force in the South in much the same terms as have been used by Kim Il Sung, the North Korean dictator who began the Korean war with his invasion of the South, it is by no means impossible that he was more intent on pleasing him than soothing the Kremlin. And that the United States was the target may have been largely coincidental.

Washington cannot wholly ignore Mr. Hua's statements, of course, and concentrate on the defects of Seoul in human rights and bribery.

Mr. Hua could have had Taiwan in mind when he emphasized his belief that Kim's misnamed Democratic People's Republic was the legitimate government of Korea — he wants Taiwan as Kim wants South Korea, and the United States is an obstacle to both these goals. And there could be an effect on Mr. Carter's policy of diminishing the U.S. presence in South Korea, which has already been modified. For the People's Republics of both China and Korea have a tendency to identify their armies with "the people" and Kim Il Sung can hardly be trusted to use wholly peaceful means to bring about Korean unification.

So the problem of Korea is one that Mr. Brzezinski might well explore in Peking — not on the assumption that it necessarily involves a breach between China and the United States but as one of several questions that remain unanswered between the two states. Certainly Mr. Hua's jaunt, and the comments it elicited, make it clear that there is still a considerable distance between Peking and Washington.

The U.S. Stake in a Tax Treaty

For a generation, except in the recession year of 1977, the exports of the industrial countries have been climbing annually about twice as fast as production, spurring growth rates, income and prosperity. That growth has depended on the reduction of barriers to international trade and investment, but many impediments remain. One of them is the discriminatory taxation of U.S. investments abroad, and it can be significantly reduced if the Senate this week approves a new tax treaty with Britain. It would also reduce discriminatory taxation of British companies in the United States; unfortunately, it is opposed by several state governments that fear the loss of revenue. The two-thirds vote needed for ratification is in doubt.

The pending pact, ardently negotiated over three years, would replace and modernize a 1945 treaty. The major gain for U.S. investors is a provision that would grant them relief from the double taxation of business income as it appears as corporate earnings and dividends. Britons now get such relief in the form of tax credits; the new treaty would qualify Americans for cash refunds and put them on much the same footing.

Refunds of about \$85 million a year are at stake. A retroactive payment of \$375 million for the 1973-78 period would also be made — a not insignificant boost for the dollar, as the Treasury has observed. Moreover, the treaty would set a standard for similar negotiations with West Germany, France, Canada and other nations. Its approval clearly would serve U.S. interests.

Because the United States continues to tax both corporate earnings and dividend distributions, it had to offer Britain other conces-

sions to gain the treaty. The one that has aroused the greatest opposition would limit a type of taxation by state governments that discriminates against subsidiaries of British companies. Several governors have invoked the cry of "states' rights" to challenge the treaty. Tax officials of a dozen states have written to President Carter protesting that such treaties would significantly reduce the revenues of 32 states and also create a chance for tax evasion by U.S.-controlled multinational companies.

The treaty would prohibit states from taxing subsidiaries for any part of the income of a parent company outside the state. However, the Treasury would help the states to apply the complicated "arm's length" calculations used by the federal government to guard against the understating of a subsidiary's profits. A letter from Treasury Secretary Blumenthal to the 50 governors argues persuasively that this should adequately protect their taxing power. Blumenthal also argues that the revenue losses are likely to be small and will probably be offset by new investments that the present system now discourages. He offers assurances that present taxing methods would continue to apply to U.S.-controlled multinational companies.

California, with the largest stake in the present system, is now supporting ratification. Gov. Brown evidently discovered on a trip to Tokyo that prospects for Japanese assembly plants and other investments in California would be improved by such tax changes. The national interest, too, will be served if the Senate rejects the proposed reservations and approves the treaty.

THE NEW YORK TIMES

Malaria on the March

A decade ago it seemed that malaria, the disease that once regularly reached epidemic proportions throughout much of the world, would soon be conquered. In 1955, after the disease had struck 250 million people, killing more than 2 million, the World Health Organization launched a worldwide malaria eradication program. The effort was extraordinarily successful. By 1965 the number of malaria cases had dropped to a low of 107 million. In recent years, however, officials of WHO and the UN Environmental Program (UNEP) report, the incidence of malaria has risen sharply — more than 1 million people died from it in 1976. The United States has scarcely been affected by the increase (the number of reported U.S. cases rose by only 100 in 1976-1977). But an outbreak of malaria can have a devastating effect on countries in Africa, Asia and South America — which is where the sharp increases have occurred.

In fact, the resurgence of this deadly disease stems from the very success of the attempts to eradicate it. UNEP officials say that the malaria parasite, after 20 years of concentrated exposure to attack, has become immune to what were the most effective anti-malaria drugs, and more species of malaria-carrying mosquitoes are becoming immune

to pesticides. Fortunately, these separate developments have not occurred in the same geographical areas — yet.

Since the damage done to the environment by DDT and other mosquito insecticides now prevents their use on a widespread scale, how can the spread of malaria be checked? The development of probably the most effective anti-malaria weapon, a vaccine, is still years away. So the temporary answer appears to be using a variety of different methods to control mosquitoes, such as draining swamps, stocking mosquito-breeding water with fish that eat their larvae, and chemically sterilizing the insects. Each of these methods has its limitations but at the moment they are all that is available. The resurgence of malaria poses a threat to world health perhaps even greater than that which prompted the WHO eradication program of the 1950s. A new, more technologically sophisticated eradication effort needs to be mounted now. That is what has prompted discussions in recent months between officials of UNEP, which will sponsor the project and WHO, which will provide the doctors and researchers to carry it out. They will realize the urgency of such an effort. Millions of lives depend on it.

THE WASHINGTON POST

In the International Edition

Seventy-Five Years Ago
May 10, 1903

NEW YORK—Five thousand laborers, engaged in the construction of the New York Underground Railroad, struck last week for an increase in pay. In consequence, the entire operations are suspended. The contractors are determined not to grant the demands of the men. Unless they return to work by next Wednesday, a large number of Negroes from the South will be brought in to take their places. In several places violence already has occurred.

Fifty Years Ago
May 10, 1928

PARIS—If modern American syncretized music shows as much improvement in the next 10 years as it has in the past decade, then there is no doubt that it will rival the old masters in beauty and tone, declared Clifford Grey, who wrote "Hallelujah" and a number of other tuncful successes. He has just returned to Paris from New York to complete several songs. George Gershwin, Paul Whiteman and Vincent Lopez were listed as helping to shape this trend.



The Muddle of Mideast Plane Sales

By Joseph Kraft

WASHINGTON—Part of the muddle about the proposed sale of planes to Israel, Egypt and Saudi Arabia, is tactical. All three are seeking the position of leading purposes.

But a deeper and far more serious muddle jumbles the deal to the point of craziness. The sales have no visible relation either to peace in the Near East or to defense of the area against the Soviet Union.

With respect to peace, what hope remains springs from President Sadat's visit to Jerusalem. In the subsequent negotiations Egypt and Israel came very close to striking a bargain. The Israeli offer to return the whole of the Sinai Desert to Egyptian sovereignty stumbled only on the matter of Israeli settlements. That is easy to compromise, as many leading Israelis, including Foreign Minister Moshe Dayan, have said flatly that they will not let the settlements stand in the way of peace.

More Difficult

More difficult is the future of the territories west of the Jordan River which the Israelis call Judea and Samaria. Prime Minister Menachem Begin has offered self-rule to

the Arabs in the area and suspended indefinitely any Israeli claim to sovereignty. But the local residents who want the West Bank to be the base of a Palestinian state demand the right of immediate self-determination. So the Egyptians, although they do not want a Palestinian state unless it is part of Jordan, have felt obliged to press for self-determination.

In fact, the issue cannot be settled now, and the various attempts by the Carter administration to write declarations of principle were condemned to failure. What can be done is to leave the future open.

Saudi Opposition

The Israelis should add to their present offer a proviso that after a certain period of time there would be genuine self-determination. The Egyptians would accept the decision that self-determination be achieved only after a period of time. That would close the deal, and as a sweetener both countries could be given the arms they now seek.

The Saudis, however, have opposed the Sadat initiative from the first. King Khalid was originally irritated that the Egyptian leader

went to the Knesset in Jerusalem at a time when good Moslems were supposed to be wending their way to Mecca. Since then Riyadh has consistently emphasized Palestinian self-determination. While continuing to subsidize Egypt, the Saudis have also continued subsidies for the most bitter opponents of the Sadat initiative — Syria and the Palestine Liberation Organization.

The Saudis have also used their influence to keep King Hussein of Jordan out of the talks. Now they and Hussein are readying a proposal for a summit meeting of Arab leaders including Sadat and President Hafiz Assad of Syria. At that meeting Sadat would acknowledge that his peace initiatives have been killed by Israeli intransigence, and he would be welcomed back into the Arab fold. That, in effect, would be the end of the peace initiative.

Authorizing a sale of advanced jet planes to the Saudis, in these circumstances, makes no sense at all. It is a reward for being unhelpful — a death wish at the peace initiative Washington should be trying to keep alive.

As to the defense problem, the Soviet Union is arming the Syrians, the Iraqis, the Libyans and the

Palestinians in the Middle East. In the Horn of Africa, the Russians are beefing up the forces of Southern Yemen and Ethiopia. These groups all threaten Saudi Arabia and Egypt and they — at least — pose problems for Israel.

No Coherency

So as part of the continuing effort to block Soviet expansion, the plane sales make sense. But they have not been joined in any coherent relation. There is no provision for a U.S. coordinating role, with a base in the area (perhaps in Sinai) and a command that could organize the anti-Communist forces for common action.

What all this says to me is that the plane deal is essentially a power play — a vehicle whereby the administration can win one over the Congress and over the so-called Israeli lobby. The deal does nothing to advance the common defense, and it actually works against the prospects for settlement in the Middle East.

So in my view the House and the Senate ought to do what in their guts and hearts they want to do. That is to force the suspension of all the sales until the Sadat initiative has had a chance to run its course.

A Mutual Language? Well, Almost

By Andrew Knight

LONDON — "Presently Kep opened the door of the shed, and let out Jimmie Puddle-duck."

There is the correct usage of "presently," a word so often abused by Americans and Englishmen to mean, quite wrongly, "now" or "at present."

That set me thinking those working (Americans say "work") thoughts about our mutual language. Most of its present vitality comes from America. While we English and British occasionally come up with something original and vital, left to ourselves we might well make of English the sterile classical language which the Academie Francaise tries, with some success, to make of French. So cheers for America.

And Boos

But boos too. Delicate ground, this. A more literate colleague said this when I asked him about it: "You may have to tread tactfully to avoid seeming superior, but here

are a few (random) thoughts on words, usage, etc. 'Like' and 'as' are hopelessly muddled in the minds of most Americans and the vogue for saying things like 'like I mean, man' has made it much worse. Some words are used differently: 'Fretful' your innocence' means something quite different in English from what it means in American. Some words have a technical meaning, or had, which has now been lost amid general misuse: 'fund,' 'clinical' (really means to do with beds), 'specific' as a noun, which really is a medicine or remedy for a specific complaint or part of the body.

"Other words misused in English had in American (strictly speaking): 'Sophisticated' really comes from sophistry, i.e., fallaciousness — very far from what it is usually taken to mean. 'Effete' is usually applied to men; should really be applied to women after the menopause, when they can no longer produce children. Americans (and

British) are fond of such words as 'situation' (e.g., work situation), 'position' (e.g., foreign-policy position), 'posture' (e.g., defense posture), 'condition' (e.g., heart condition) — really means heart ailment or complaint, 'problem' (e.g., weight problem, credit problem), 'action' (e.g., industrial action) — which usually means just the opposite.

Verbs as Nouns

"Americans also use verbs as nouns (e.g., 'quote' and nouns as verbs (e.g., 'impact,' 'vacation' with great readiness. Other words they happily turn into nouns (e.g., 'concentration' by making them longer — another failing (e.g., 'transformation' just means transport). Other words they happily (and sensibly?) shorten, e.g., 'speciality,' 'aluminium' (said to be a corruption based on a typing error, 'orient' (instead of orientate). They change the meaning of other words by using them only pejoratively, e.g., 'rhetoric,' 'theological.' Some words in American have ceased to use or at any rate to use in the same way as or as much as they do 'favour,' 'fall,' 'quit,' 'rare' (meaning underdone, though this use is now coming back). Others we still use and they have lost: e.g., 'fortnight.' Some words they think are English though they are really German and just happen to sound English 'dumb' (meaning stupid) is really 'dumm,' 'fresh' (meaning cheeky) is really 'frisch,' 'cookbook' (instead of 'cookery book') is really 'kuchbuch.'

"German is, though, wrongly blamed for the odious use of 'hopefully,' which is not derived from 'hoffentlich,' meaning it is to be hoped. 'Hopefully' in German is 'hoffnungsvoll,' which the Germans use adverbially. They do not confuse the two meanings. Americans also construct their sentences differently, e.g., use the aorist instead of the perfect tense, say 'Do you have?' instead of 'Have you,' follow 'one' by 'he' instead of 'one' and so on.

My learned colleague puts it better than I can. So, of course, does Edwin Newman in his quizzical

A Turning Point In Polish Rights

By Leopold Unger

BRUSSELS—"It was about 150 feet between the police car and the door; they asked me to move along slowly so that each one of them could hit me. They punched me, they kicked me, they struck me with a club. Toward the end, I just fell and couldn't get up again."

This first-person account was not culled from the tale of a survivor of a Chilean or Argentine prison. It is the description of a new form of third degree, called the Path of Health, introduced by the Polish police. From a report by Waldemar Michalski, it is one of the 10 cases in the white paper published by the Polish Workers Defense Committee under the title "Documents of Arbitrary Power."

3 Documents

The white paper, signed by 31 members of the Defense Committee, is one of three documents indicating a turning point in the battle between the Democratic Movement in Poland and the ruling dictatorship. The other two documents are a new declaration by the Committee for the Establishment of Free Labor Unions, and the statement of position by more than 120 delegates to the 20th Congress of the Polish Writers Union.

The committee for free labor unions was set up in Poland on Feb. 23. On Saturday, April 15, during the Prague congress of the World Federation of Trade Unions — an organization entirely controlled by Communists and Eastern European countries — the committee launched an appeal to Polish workers as well as to Western Democratic organizations. The group asked the workers to set up and organize free labor union locals in their places of work.

This call emphasized that free unions are the only means "to de-

fend the interests of workers, to obtain honest wages and to fight exploitation and humiliation of the workers."

The Prague congress met this appeal with silence. The assembly, representing 250 million workers in 140 countries, as it killed itself in Communist propaganda, remained deaf to the urgent calls for help sent out by the free labor unions which now exist and militate in Poland, the Soviet Union and Bulgaria. This silence is more proof — if more were needed — of the crisis that is smoldering within this international organization. It already has been abandoned by the labor unions of Italy and has been assailed by France's biggest union, the CGT, which although Communist-led no longer can tolerate the Soviet model of a state-run union.

The CGT also announced that it would no longer serve as secretary-general of the federation.

'No Surprise'

"The ominous silence in Prague was no surprise to us," sources in the Polish Democratic movement asserted. "What is much more important for us is the recent decision of the International Confederation of Free Trade Unions in Brussels to put an end to the Yalta-type division of labor unions. It has finally agreed to answer the call of Polish and Soviet workers who organize Eastern Europe's first free labor union groups."

That same Saturday in Katowice, the industrial capital of Poland, Polish workers were meeting at their 20th congress, which will take its place in the history of Polish Communism as the meeting that put an end to taboos and rejected censorship.

The congress, above all, took a firm position against blacklists of writers and their works. Those who are on such lists have no possibility of ever seeing their works published in Poland, cannot be mentioned in reviews — even in purely literary magazines — or in newspapers and are banned from radio and television. According to writers at the meeting, there are as many as 80 books by as many authors banned from publication.

The existence of these blacklists has long been known, but this was the first time that the writers denounced the situation and were able to prove it. They displayed a "Black Book of Censorship" made up of 600 pages of documents supplied to the Workers Defense Committee by a former censorship bureau official who defected to the West.

However, more than the "Black Book of Censorship" presented by the writers, it was the white paper on arbitrary power, published by the committee, that affected Polish public opinion. It consists of only 30 pages describing 10 cases of abuse of power against strikers in the June, 1976, rebellion. Of the 10 victims of tortures mentioned in the committee's document, seven are dead and three are permanent invalids. The committee stressed that it produced only 10 cases of the 150 which it has documented because a number of the victims' families feared government repression.

The Demands

But what is important in these documents is not that they reveal previously unknown facts, but that they present demands that are concrete and realistic: for the workers, it is a demand for a 40-hour, five-day week; for the writers, the end of the "prescription" lists for the Workers Defense Committee; for independent justice, a right to legal defense and above all, the end of immunity for the police.

Communist party chief Edward Giersek recently returned from a two-day trip to Moscow. It was an unscheduled voyage. And while Soviet President Leonid Brezhnev awarded Mr. Giersek a high decoration, the final communiqué of the meeting did not — as usual — make any reference to "a complete identity of views," but on the contrary to a "mutual understanding" in one of its broadest statements.

And the opposition is not taking this warning lightly. "However," one of the leaders of the Democratic Movement said recently, "our demands are both legitimate and tolerable, even for a dictatorship. The solution to our problems is not in Moscow. It's necessary to go to a foreign country to solve our internal problems. But it is necessary to live as the Poles live."

Democratic observers in Warsaw saw the visit and the communiqué as an indirect means of pressuring the opposition. Polish authorities seem to be telling the dissidents: "Keep cool. The Russians cannot tolerate an almost open opposition in one of its border states."

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Movies in Paris

'Goodbye Girl' Makes A Short Story Long

By Thomas Quinn Curtiss

PARIS, May 9 (IHT)—The "Goodbye Girl" (at the Colisée and the St. Germain Village in English) coasts for two hours on transparent ice, succeeding in making a short story long. An artwork from the not-so-pen of Neil Simon, its commonplace situation remains virtually static during its interminable course. Compare this one-joke exercise with the rich, racy invention of "I Nuovi Mesiri" (at the Elysee Lincoln and Monte Carlo in its original version) and the superiority of the comic Italian film today over the recent "earthquakes" from Hollywood becomes depressingly apparent.

Dosed with a saccharin sauce and wisecracks, many of which are probably incomprehensible beyond the confines of Greenwich Village, the Simon saga discloses an unemployed divorced and overaged chortle who lives with her 9-year-old daughter in a flat of lower Manhattan. Her latest lover has just deserted her and rented the quarters to an off-the-loop actor from Chicago who has come East to set Broadway ablaze. She tries to bar his entry, but to avoid legal expenses finally accepts him as a yarder. This hippie thespian takes shine to her precocious tot and he little, foulmouthed child lights the way to their romance following a series of acrimonious household disputes.

One man's humor may be the cause of another's intense melancholia and unless you regard a little girl who talks dirty as a marvel of clarity and wit, you are profoundly stirred by a fibberlight heroine's fear that she will be unable to hold her man, this is not the entertainment for you. Richard Dreyfuss has received the Oscar as the year's best actor or his appearance in this movie. Actually, he gives two performances: neither of which would land him a job in a provincial stock company. As the Chicago comedian *en smiggle*, he is obese, disheveled and sports graying whiskers so that a bears a physical—though certainly not a histrionic—resemblance to Emil Jannings. In addition, he enacts some excerpts from Richard III under the orders of a off-Broadway genius who has formed him that Crookback was member of Titania's court. Nothing like his second interpretation as been seen since Bert Savoy, the tag comic, was struck by lightning. Marsha Mason is the leftover who succumbs to his charms and glib Cummings is the lot in need of mouth wash.

"Outrageous" (at the Paramount byes and the Studio Alpha in English) is a curious Canadian import. Much of it is fresh, funny and original and none of it is dull, though in seeking to dovetail twin tales of troubled young people, it has an uneven gait. A Toronto hairdresser is fired in an ambition to be a female impersonator and when dismissed from his beauty-parlor post, he seeks testing his talents. From amateur engagements and is bidden to New York, where he soon receives star billing in the cabaret. In addition to the vicissitudes of his theatrical climb, he has a trying litigation. He has taken under his wing a girl escaped from a mental clinic whom he shelters in his To-ado digs. This unbalanced creature seems to have been lodged in the same asylum as the heroine of "I Never Promised You a Rose Garden" (at the Vendôme and the Klean in English) and suffers from similar schizophrenic seizures. She gives incurable, but her generous friend invites her to join him in New York, as it is a great matter whether she is mad or not. The milieu of "gay" clubs, their

performers, their clientele and their performances has been caught with bizarre verve. These bespangled sequences are in contrast to those of psychoanalytical probing, in which the problem girl is cross-questioned, and those, too, of her hysterical outbursts. Despite a certain amount of cinematic stunting because of this disunity, the direction of the script's message of tolerance with the troubled couple finding strength in their friendship with which to confront a hostile world. Craig Russell, who impersonates the impersonator, is a transvestite artist far above the routine manipulations of takeoff's are the customary models—Betty Davis, Mae West, Barbara Streisand—but he gives them his personal touch of caricature. Hollis McLaren, stage-trained for Shakespeare, as the hopeless heroine presents us with a Toronto Ophelia. You will not be bored by this novel movie.

At the Action Christine a cycle of Marlene Dietrich films is in progress. This collection does not include—as it should—her most famous film, "The Blue Angel," but it does embrace her best Hollywood vehicles: several of them under the



Marsha Mason and Richard Dreyfuss in "The Goodbye Girl."

direction of her discoverer, Josef von Sternberg. There is "Morocco," "The Shanghai Express," "Blonde Venus" and—in a separate room of the theater—"The Scarlet Empress," that exotic phantasmagoria of Catherine the Great's marriage to Peter III and her subsequent murder of her husband in the interests of the empire. The Dietrich-von Sternberg melodrama of World War I espionage in Vienna, "Dishonored," is missing, but on offer are two excellent comedies with the star: "Angel," filled with witty dialogue and benefiting from Lubitsch's suave direction, and "Desire," a tale of silken jewel robberies, directed by Frank Borzage under Lubitsch's supervision.

Around the Galleries in Rome

The Nazarenes and Their Time, II. Segno, 4 Capo le Case, through May, to travel to Florence, Genoa, Turin, Naples and Palermo.

When in 1810 the French occupying Rome banned all religious orders, a group of German painters in their early twenties rented some rooms left empty in the convent of San Isidoro. They were their long hair parted in the middle, wrapped themselves in capes and, accompanied by their mastiffs, walked the streets of Rome immersed in earnest debate or silent observation. Though mild-mannered and devoted, they were a commune of rebels. They had reacted against the Viennese academy and its rigidity, its chiaroscuro, its copying from plaster casts and its unqualified adoration for the antique. In Italy, they were seeking direct contact with the humble people, the living landscape and with the genuine feeling for religion found in the medieval "primitive" paintings and in Raphael. Most of them came from comfortable Protestant backgrounds and led a pointedly frugal and regulated existence, posing for each other and working out their pictorial and ethical problems.

They executed several frescoes together, one of which, for the summer house of Count Massimo, can be seen here in the Lateran. The hardworking and serious brotherhood held together for two decades and influenced not only other Germans, but young Italians as well. The leader was Overbeck, but the most talented and vigorous was Franz Pfaff. Other members included the brothers Schadow and the brothers Veil, Cornelius, Schnorr von Carolsfeld, Koch, von Führich and Mücke. One might call them Rapahadites. Their work, beyond the cold idealization of neo-classicism, graphic and lovingly detailed, almost willfully plain and passionless, was the first step toward the new romanticism. The present show is housed only a few steps away from San Isidoro convent where the Nazarenes lived and worked so assiduously, and consists of the drawing and prints of the precursors, the protagonists and their German and Italian followers. Unfortunately, there is no work showing before Pfaff, the most inspired. Among the precursors, Stolz and Hackert are the most idiosyncratic, and an etching



Jean Foa's oil "What's My Sign?" in Rome show.

of a spring in the woods near Aricia by Ludwig Richter, in its sweet charm and attention to detail, is the nearest to romanticism. The followers Rethel and Schroeder, in their marked line work in the tradition of Dürer, are excellent storytellers, while the Italians Minardi and Morani, with a more Mediterranean flair, are a little looser than the rest.

S.W. Hayter. Etchings and Engravings from 1968 to 1973, Calcografia Nazionale, 6 Via della Stamperia, through May. The technical bravura and invention of Bill Hayter has had a pro-

found effect on modern printmaking. From an old-fashioned means of producing images in series, he has turned it overnight into an efficient streamlined medium, so well tooled that it became synonymous with bright modern achievement.

In his studio schools, the famous "Atelier 17" in New York and Paris, to which eager young printmakers have flocked from all over the world, he not only perfected ancient methods but added new ones. One remembers best the intaglio prints, deeply bitten and embossed, black marks sharply contrasting with the raised welts of pure white. But Hayter's most remarkable contribution is a way of making color prints from a single plate, not as before from plates for each color, called viscosity printing, which he realized for the first time in 1943.

Born in England in 1901, friends with most of the originators of the modern movement in Paris, he was close to surrealism and then to automatism. His style in painting as well as printmaking, a virtuoso play of tough, sinuous line, still adheres to the latter. This is most clearly seen in two black and white engravings—from 1973 and 1974 respectively—of tangles of gouged marks like the lines on an insect's wing, which are in his best tradition. The color etchings are less free by their very nature, since the different stages on one and the same plate have to be planned carefully beforehand. Hayter's progress from the twenties to now would have been a welcome show for the local art public. As it is, even the production of the last decade reveals him as one of the master craftsmen of our time, the faultless execution of technique his very expression.

Dorazio, 525 Via del Corso, to May 20. Dorazio, an avant-garde veteran well-known here and abroad, has always been concerned with the very fabric, the structure of painting itself, presenting the canvas as a dense all-over surface of repeated, subtly interlocking patterns. In the past his abstractions were built of a mesh or crisscross of swatches of pleasing color. In the present compositions dabs and dashes pearl sedately over contrasting surfaces as if they were blowups or symbols of brushstrokes. It is as if Dorazio were quoting pointillism or impressionism, analyzing it in an orderly, amiable fashion. The rainbow-colored little beads, running sideways, look their best when set against raw

With Cage and Cunningham

American Center in Paris Launches Its Renaissance

By Jane M. Friedman

PARIS, May 9 (IHT)—François Mitterrand, chief of the French Socialist party, sent his regrets. So did Paris Mayor Jacques Chirac. The former publisher Jean-Jacques Servan-Schreiber sneaked out before the performance began. Nevertheless, the revival of the American Center for Students and Artists, founded in 1931 but fallen on hard times of late, got off to a promising start last night.

In an auditorium that looked like an elementary school assembly hall with a stage in front, 250 selected Paris guests came to watch a performance called "Dialogue," with composer John Cage and dancer Merce Cunningham. The two American artists were recruited for the fund-raising event by Judith Pizar, chairman of the American Center board and wife of East-West trade expert Samuel Pizar.

After the performance, which met with mixed reaction, Ambassador and Mrs. Arthur Hartman threw a dinner in the American Embassy residence on the Rue du Faubourg St. Honoré. The former minister of culture, Francoise Giroud, attended. So did Mrs. Gerard Montassier, the French President's older daughter.

The evening represented the beginning of what Mrs. Pizar called a "renaissance" for the center. Founded by a group of rich Americans who wanted to keep their children off the streets, the center—a private institution in Montparnasse—became a respected meeting place for American and French artists and writers. At one time or another, Andre Malraux, William de Kooning and James Jones either exhibited or lectured there.

Youth Power

But in the late 1960s, after May '68, the center was invaded by youngsters who took it over. It was frequented by drug addicts. The building—with its 1930s beaux arts-style architecture on a two-acre park—became a community center with banal courses rather than a meeting place for artists and intellectuals. Today, the outside wall, painted graffiti style in bright colors, is a remnant of the youth-power period which finally disintegrated.

Two years ago, Judith Pizar was asked to join the center's board of governors, which includes economist Jacques Attali. Last year, she became the chairman. "I accepted on two conditions," said Mrs. Pizar, 39, the former music director of the Brooklyn Academy of Music in New York. "That we would make this a place of cultural exchange and remodel the physical plant."

Both will be done. A \$35,000 grant has been received from the Rockefeller Foundation and the center has applied for a grant from the U.S. Agency for International Development. In the meantime, it has hired a New York architect to rebuild the inside of the building, which measures almost 15,000 square feet. Remodeling will cost almost \$4 million but the job will be done in phases.

Last night's ballet was an attempt to show potential donors what the center will do in the future. Both Mrs. Pizar and the center's director for development, Don Foresta, say they want to turn it into a "Franco-American university for the arts" where French and American artists will not only perform but conduct workshops and give lectures. The ballet celebrated "spring festival" which actually began two weeks ago and will run through the beginning of next month. The festival includes workshops on video and dance by Merce Cunningham, workshops with John Cage, a performance by organist and composer Philip Glass ("Einstein on the Beach"), three exhibits by environmental artists and a series of videotapes from the United States.

The Cunningham-Cage performance, which lasted an hour, seemed incomprehensible to many of the celebrities gathered to see it. Some fell asleep, and one woman spent the time applying makeup. While Cunningham danced the three segments of the performance on the floor below the stage, Cage concocted a symphony for dried cactus, gourds, heartbeats and an alonal tape of his own voice, which he recorded and mixed on stage. After the performance, Cage, dressed in jeans and a denim jacket, said that the eight-tone theme he sang formed the words Eric Satie, his musical mentor. "Isn't it amazing?" he said of his 36-year association with Cunningham as fans gathered around. Of the performance, he said, "We leave each other free. Each does his own work. You interpret it according to your own experience."

—EDITH SCHLOSS.

N.Y. Museum Hopes to Hold Picasso Show

NEW YORK, May 9 (AP)—The Museum of Modern Art is negotiating with the French government for permission to exhibit a number of paintings and other art works by the late Pablo Picasso, a museum spokesman said.

The works are those which Picasso's heirs have agreed to turn over to the French government in lieu of estate taxes. Richard Oldenburg, director of the museum, said that talks were underway and that the museum hoped to be able to exhibit the works before they go on permanent exhibit in a Picasso museum. France plans to build.

Garbo Denies Aid Given to Biographer

NEW YORK, May 9 (AP)—Greta Garbo has signed two affidavits denying she collaborated with authors of her biographies, and her attorney says publishers have made "extraordinary, six-figure" offers for the exclusive actress's autobiography. "Miss Garbo has been offered, through me, extraordinary sums of money for an autobiography," her attorney, Lillian Poses, said yesterday. "If she doesn't want to do it and cash in on it herself, doesn't it make sense that she wouldn't help anyone else for nothing?" The affidavit released yesterday was the second denial from Miss Garbo to be revealed in a month. In both, the 72-year-old actress denies any collaboration with Antoni Gronowicz, whose biography of Miss Garbo has been purchased by Simon & Schuster for a reported \$150,000 advance. It would be published after Miss Garbo's death.

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dans un film d'Anthony Page.
Une distribution Uge-Cric



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NYSE Nationwide Trading Closing Prices May 9[illegible][illegible][illegible]

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| Trial | Control | MCI | AD |
|-------|---------|-----|----|
| 1 | 95 | 85 | 75 |
| 2 | 95 | 85 | 75 |
| 3 | 95 | 80 | 70 |
| 4 | 95 | 78 | 68 |
| 5 | 95 | 75 | 65 |

• *Chlorophyll a* (Chl a) is the primary photosynthetic pigment in all photosynthetic organisms. It is a green pigment that absorbs light energy in the blue and red regions of the visible spectrum. Chl a is found in the thylakoid membranes of chloroplasts in plants and in the plasma membrane of cyanobacteria and algae.

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...and the fact that the *in vitro* and *in vivo* results are in good agreement.

... ..

1. *Journal of the American Medical Association*, 1997; 278: 1039-1044.

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Lichtenthaler (1987). The total chlorophyll content was determined by the method of Arar and Munk (1995). The carotenoid content was determined by the method of Lichtenthaler and Weber (1986).

[illegible][illegible]

... ..

CBI Says Industry Is Stagnating But Investment Plans In U.K. Are Strong

LONDON, May 9 (AP-DJ)—The Confederation of British Industry (CBI) said today that "the general picture in manufacturing industry has again been one of stagnation or little better."

Commenting on its latest quarterly survey of industrial trends made last month after the budget message, the group said: "The main message of this survey is that manufacturing industry in total is far from busy." The CBI said that optimism about the general business situation had not improved and a near-term pickup in manufacturing activity is not likely. Nearly 80 percent of the 2,000 companies surveyed reported poor demand and weak export prospects due to a deterioration in price competitiveness and depressed overseas markets.

However, the CBI said investment intentions remain quite strong, cost increases are becoming less widespread and the financial position of manufacturing companies is not worsening.

On order backlogs, 45 percent said they were below normal, 13 percent said above normal and 41 percent said order books were normal. Seventy percent said order backlogs were less than four months. The survey also showed that two-thirds of Britain's manufacturers were working below capacity.

Asked what factor is likely to limit output over the next four months, 79 percent of the companies said a shortage of sales or orders—the highest percentage of companies to mention poor demand influencing output in the past two years, the CBI said.

In the past four months, 15 percent of the companies surveyed increased the number of persons employed, 49 percent kept employment unchanged and 35 percent cut their workforce. Over the next four months, 15 percent expect to take on more staff, 55 percent plan no changes and 30 percent plan to cut their workforce.

Only 13 percent of the companies said export orders were above normal, 39 percent said they were unchanged and 45 percent reported export orders were below normal. The CBI added it expected private-sector manufacturing companies to increase their capital spending 10- to 15 percent this year.

U.K. Banks Raise Rates

LONDON, May 9 (AP-DJ)—Britain's major commercial banks announced sharp increases in their lending charges today amid strong indications that the recent rise in U.K. interest rates is not yet over.

The four major clearing banks—Barclays, National Westminster, Lloyds and Midland—boosted their base lending rates to 9 from 7.5 percent, following the Bank of England's decision last Friday to raise its minimum lending rate (MLR) to 8.75 from 7.5 percent.

Blue chip industrial borrowers normally pay 1 percentage point above the base rate for three years. The banks also increased to 6 from 4 percent the interest they pay on savings and seven-day deposits.

Although some money market participants had expected the MLR to peak for the moment at 8.75 percent, Treasury bills, to which the MLR is normally linked, traded today at levels which would call for a 9 percent MLR this Friday.

The announcement late in the day of a sharp rise in eligible liabilities of U.K. banks also signalled the likelihood of a further rise in interest rates, analysts said. The Bank of England announced that banks' eligible liabilities—the major component in the money supply figures—rose £1.316 billion to £43.889 billion in the month ended April 19. This 3.1 percent rise was a great deal larger than had been expected.

The government had set a target range for broadly defined sterling M-3 money supply of 9- to 13 percent in the 12 months ended April 19. In the first 11 months, M-3 rose at an annual rate of 13.75 percent, and a money market analyst said the eligible liability figures indicated growth of close to 15 percent for the full 12-month period. He said the statistics were further proof that interest rates must be raised to higher levels if money supply targets are to be met.

Michelin Dividend Up

PARIS, May 9 (AP-DJ)—Michelin raised today the net dividend on "A" shares to 26 francs (about \$5.62) from 1977 and on "B" shares to 25 francs from 21.70 francs.

Japanese Fear Global Crash Worry Is Low Growth Feeding Protectionism

By Leonard Silk

NEW YORK, May 9 (NYT)—The danger of a world depression—and the political and military disasters to which it might give rise—are very much on the minds of Japanese leaders today. Nobuhiko Ushiba, Minister of External Economic Affairs, says he sees an alarming parallel between world economic conditions today and those at the start of the depression of the 1930s. He is particularly worried about the threat of protectionism and the fragility of the world monetary system with an unstable dollar.

"There is no question," he said, "that the depression led to World War II." How to prevent a recurrence of that tragic sequence of events is the dominant worry of Japan's government.

"There is little room for optimism on the part of either developed or developing countries," Prime Minister Takeo Fukuda recently told the Japan Society here. "I am deeply concerned that, unless we find a way out, a situation may develop where world stability and peace are endangered."

Fears Protectionism

Mr. Ushiba, in an interview here a few days ago, said that Japan's worry was that, in the present disordered state of the world economy, country after country might be driven to take protectionist measures, with a ruinous impact on world trade.

Mr. Ushiba acknowledged that he faced



Nobuhiko Ushiba

strong protectionist pressures from troubled industries in his own country. The most severe of these, he said, were from the farm lobby. "So far," he said, "the government has been successful, I think, in containing those pressures." But as a small island nation, he says Japan is at a big disadvantage in agriculture. "We are not competitive," he said. "Nevertheless, we must maintain some amount of agricultural production as a basis for the security of the nation."

He was cautious in saying how much Japan would reduce its balance-of-payments surplus this year. "We will slash it as much as possible," he said. However, he noted that the target figure of a \$6-billion current-account surplus—including trade and ser-

(Continued on Page 13, Col. 5)

U.S. Currency Law Loses Untad Hits Sting for Multinationals Textile Pact

By Deborah Rankin

NEW YORK, May 9 (NYT)—In many of the financial statements pouring out of corporate headquarters these days, there is a hidden positive factor—the flip side of the much maligned Financial Accounting Standards Board Statement No. 8.

FASB 8 was born in controversy two and a half years ago, out of the accounting chaos that characterized the financial reporting of U.S. companies' foreign operations. The rule suddenly forced companies to reflect in current earnings the impact of foreign-exchange gains and losses, however theoretical they might be.

Last year, when the dollar took a severe beating against other major currencies, FASB 8 gained notoriety as the creator of "paper losses" that often ruined the otherwise strong operating results of many large multinationals. But the picture can change overnight, depending on the pattern of currency fluctuations.

Take the hypothetical example of a company that had a \$10 million loan outstanding in a foreign currency, one unit of which equaled \$1. If, at the end of the first quarter, the dollar weakened and a unit of the foreign currency equaled \$1.05, the company must record its foreign debt as \$10.5 million and its loss as \$500,000 foreign translation loss. But if the dollar strengthened a bit at the end of the second quarter and the foreign currency would equal \$1.04, the debt would be recorded as \$10.4 million and the company would chalk up a \$100,000 foreign translation gain—none of which changed in any way the "real" debt exposure of the company.

Worse Rules

Not surprisingly, corporate executives at first roundly criticized the Standards Board—the private sector body that promulgated the rule. "FASB 8 is the worst set of rules for foreign exchange accounting I have ever heard of—except for all the others anyone has ever shown me," a senior vice president of Exxon once said.

Patricia Harrigan, a vice president of Morgan Guaranty Trust Co., said of the adverse corporate reaction: "In the beginning, they thought that if they shouted loud enough, it would go away."

There are growing signs, however, that FASB 8 is no longer the big irritant it once was. A recent example was Chrysler Corp. and its report of a \$49-million loss in the fourth quarter of 1977. Only when a trade publication inquired did the company disclose that \$37 million—three-quarters of the loss—was due to currency fluctuations. Chrysler explained that, for one thing, it has never broken out results for the final period. "Besides," said Pierre Gagner, the company's manager of accounting, "we would have come across as being defensive, saying 'if it hadn't been for this lousy luck, and FASB 8, we'd be O.K.'"

The Standards Board feels somewhat vindicated by this new attitude since it has insisted all along

that the rule simply forced companies to address a cost of conducting business that had previously been ignored. "We were just recognizing the actual environment," said Jules Cassel, the FASB 8 project manager. "Floating rates float."

Helped Earnings

In fact, observers note that earnings of many companies with major overseas operations have actually improved this quarter because of a combination of a declining dollar and more imaginative ways of dealing with FASB 8.

Interviews with corporate treasurers, securities analysts, bankers and accounting consultants indicate that hedging arrangements—including a novel technique called an intercompany currency agreement—are becoming more common.

Hedging arrangements are methods of financing that allow companies to protect their foreign exchange exposures. A common approach is a forward contract, under which a company that plans to buy, say, West German goods in an upcoming quarter agrees to buy Deutsch marks at a fixed rate three months hence. If the mark goes up, the company has paid a minimal transaction fee to get the currency; if it goes down, the company loses the fee but can buy the cheaper marks in the open market.

Accountants Peat, Marwick, Mitchell recently surveyed 77 companies and found that 25 percent had begun hedging operations since the rule went into effect, while another 25 percent had increased their hedging activity.

Re-Evaluate Assumptions

In addition, some multinationals are beginning to re-evaluate the fundamental assumptions that have governed their foreign operations. One in five companies has changed its method of financing operations, since the rule came on the accounting scene, according to the Peat Marwick study.

Corporate treasurers say that more consideration is being given these days to minimizing the rule's impact by borrowing in "soft" currencies—those that tend to decline against the dollar—and by prepaying off debts outstanding in stronger currencies, before they rise further.

The first-quarter earnings rebound—supported by strong operating earnings overseas—reported by many multinationals has ironically been aided by the dollar's steady decline since FASB 8 went into effect.

Here is how it works. The rule requires all "non-monetary" balance sheet items—primarily inventories and plant and equipment of a company's overseas subsidiaries—to be expressed in dollars, or translated. In this case, the translation is at "historic" (Continued on Page 13, Col. 6)

Official Hits Free Trade Advocates U.K. Aid Critical Of Hypocrisy

LONDON, May 8 (AP-DJ)—Preservation of the post-war open trading system in the current difficult economic circumstances will require "some departures from free trading purity," Edmund Dell, Britain's secretary of state for trade, said today.

Proclaiming himself to be a pragmatist in economic matters, Mr. Dell was highly critical of countries that frequently espouse the virtues of free trade, but do not practice what they preach. He singled out West Germany, particularly with respect to agriculture.

Mr. Dell keyed his remarks to a speech last week by West German Economics Minister Otto Lambsdorff to a meeting of Common Market foreign ministers in Brussels. Mr. Lambsdorff, who made it clear his remarks were timed to coincide with a decision by the EEC commission to tighten surveillance on shoe imports, warned against the dangers of spreading protectionism and excessive government intervention in industries needing to be "restructured."

Mr. Dell said that while he shared Mr. Lambsdorff's concerns, the Bonn minister had not sufficiently incorporated certain considerations into his arguments. The danger of retaliation against protectionist actions arises not only in the field of manufactured products, Mr. Dell said.

"I find quite a much objection among our overseas customers to the protectionism of the community in agriculture. They do not understand by what logic major industrialized countries can argue a free trade case in manufactured goods but deny it in agriculture," he remarked.

"I confess not to have detected on the part of West Germany any great enthusiasm for liberalizing access for agricultural products and for allowing international market forces to play on inefficient agriculture," Mr. Dell suggested that the West Germans—and others—tend to favor free competition only in areas where they are able to compete.

In depressed industries, the problems of adjustment to more efficient competitors creates political problems to which all nations to some extent submit, he observed. "They lead, for example, to German government support for such anti-competitive market-sharing proposals as the United Nations liner code," he said.

Mr. Dell concluded by saying he was optimistic that the open trading system could be preserved, but that "accommodations," "compromises," and "departures from free trading purity" would be required.

Elaborating on his remarks, senior British government sources said that the advantages of being a developing country are now so great that some of the more competitive nations among them—South Korea, Taiwan, Brazil and India, for instance—should consider giving up that status as far as trade practices are concerned.

Industrialized countries will not accept for long the "anomalous situation" under which highly competitive developing countries are allowed to protect their domestic producers from foreign competition yet launch their surpluses freely on the world market, they said. The EEC will become more protectionist unless the commercially advanced developing countries allow better balance in exchanges of manufactured goods.

Wall St. Prices Ease As Trading Declines

NEW YORK, May 9 (Reuters)—Wall Street failed in another attempt to continue its recent rally today as prices on the New York Stock Exchange closed narrowly lower in relatively quiet trading. Analysis attributed the pullback to profit-taking.

Investor concern was underlined by White House aide Stuart Eizenstat who told the National Finance Council of the Democratic National Committee he was concerned about the continued rise in interest rates, which he said may undercut the economic recovery.

Prices began drifting lower after the opening in an extension of yesterday's moderate loss. A brief recovery in the morning was attributed to the dollar's continued strength in foreign exchange trading in Europe.

The Dow Jones industrial average fell 2.51 to 822.07. Declining issues led advances 811-to-675 and volume slipped to 30.86 million shares from 34.68 million yesterday.

Prices again rose on the American Stock Exchange, however. The market-value index gained 0.14 to 140.18 and the average price per share was up one cent.

Boeing was a standout as the Big Board's most actively traded stock, jumping 2 1/2 to 49 after the announcement of its contract with Singapore International Airlines.

Lockheed rose 1/4 to 24 1/2 after the company said it may resume paying dividends soon and expects to conclude a \$475-million contract with the U.S. Air Force for 279 transport aircraft.

Jewelry fell 1/2 to 5 1/2 after the jewelry concern said it agreed to acquire Basco for stock. Combined Communications, planning to merge with Gannett, dropped 2 1/2 to 40 1/2.

Company Reports

Revenue, Profits in Millions of Dollars

| | 1976 | 1977 |
|----------------|------------|------------|
| 1st Qtr | | |
| Revenue..... | 410,722 | 362,335 |
| Profits..... | 5,862 | 7,934 |
| Per share..... | 0.64 | 0.87 |
| 3rd Qtr | | |
| Revenue..... | 243.5 | 236.5 |
| Profits..... | 0.323 loss | 13.13 loss |

(Continued on Page 12, Col. 3)

Gulf Oil Charged By U.S. In Uranium Price-Fixing

WASHINGTON, May 9 (Reuters)—The Justice Department today charged Gulf Oil with conspiring with other uranium producers in the early 1970s to fix the prices at which uranium from abroad would be sold in the United States.

The charge, a misdemeanor, was the first to result from an 18-month government investigation of an international uranium cartel. The written statement of charges against Gulf did not identify the other alleged conspirators. It mentioned them only as "various corporations, firms, entities and individuals."

Gulf was charged with conspiring with other producers between February 1972 and December 1974 to fix prices at which they would sell foreign-produced uranium to such U.S. middlemen as nuclear reactor manufacturers and nuclear fuel fabricators that purchase uranium for resale. The company was

Ford Motor, raising car prices an average 1.3 percent, fell 1/4 to 49 1/2. Oil stocks were weak. Standard Oil of Ohio fell 2 1/2 to 65 1/2, Exxon 1 1/4 to 47 1/2. Atlantic Richfield 1/4 to 50 1/2 and Standard Oil of Indiana 1/4 to 49 1/2.

In Chicago, wheat and soybeans closed higher, corn irregularly higher and soybeans substantially higher on the Board of Trade.

Philips' Net Off 18.2%

EINDHOVEN, The Netherlands, May 8 (AP-DJ)—Philips' net profit fell 18.2 percent in the first quarter to 130 million guilders (about \$58 million) from 159 million guilders a year earlier, the company said today.

Sales rose 2.9 percent to 7.22 billion guilders from 7.01 billion guilders. Per-share net for the quarter was 0.69 guilders compared with 0.87 guilders.

The Dutch electrical giant said sales volume expanded in the first quarter in line with the 7-percent projection for the year although they rose only 3 percent in value terms reflecting "unfavorable" currency movements.

The company noted that sales of home audio and visual electronics, domestic appliances and personal care products were "substantially above" the 3-percent value average. However, industrial supplies and miscellaneous sales were below year-earlier levels.

Trading profit as a percentage of sales contracted to 5.8 from 7.6 percent a year earlier. The company also noted a "substantial decline" in domestic trading profit, reflecting adverse effects of currency translations on Dutch-produced exports. Philips said that for 1978 as a whole it is maintaining its previous projection for an increase of about 7 percent in sales volume.

Olivetti Profits Soar

IVREA, Italy, May 9 (Reuters)—Olivetti reported today a net profit of \$3.3 billion lire (about \$6.1 million) for last year, up from 1.1 billion a year earlier.

Parent company turnover rose 14.7 percent to 575 billion lire and consolidated sales totaled 137 trillion lire for a rise of 21.2 percent.

Boeing Gets Record 747 Jet Order Singapore Line Re-Equips Fleet

LONDON, May 9 (AP-DJ)—Singapore International Airlines said today it plans to buy nearly \$900 million worth of aircraft from Boeing—the largest single contract in aviation history.

SIA plans to buy 13 Boeing 747's and six 727's. The order is scheduled to be signed in New York tomorrow. Ten of the 747's are "firm orders," the airline said in a statement released in London. Two of the wide-bodied airliners will be delivered at the end of 1979, six in 1980 and one each in 1981 and 1982. The contract includes options on three 747's to be delivered one a year beginning 1983.

SIA said, four are firm orders for delivery next year, while the remaining two are on option.

The company did not mention financing for the order, but industry sources in New York noted that SIA is government owned and both the airline and the government "have lots of cash." In addition, there may be Export-Import Bank financing for at least a portion of the order. SIA also is one of the fastest growing airlines in the world, racking up 25 percent gains in traffic growth in recent years compared with 10 percent traffic gains for U.S. airlines last year.

The main reason behind such a large contract, the airline said, was that SIA plans to dispose of its current fleet of seven 747's. The newer model 747's are equipped with more powerful engines developed by United Technologies' Pratt & Whitney unit. The engines enable the aircraft to carry a higher payload and travel further between stops. The aircraft itself will be the heaviest version of the Boeing 747 ever built, with maximum takeoff weight of 820,000 pounds compared with 775,000 pounds currently.

SIA also cited lower fuel consumption and maintenance costs in choosing the new 747's. It said Pratt & Whitney has agreed to guarantee the cost of maintenance and overhaul of the engines.

"Financially," SIA said it "was emboldened to take this decision by its policy of depreciating aircraft in the short period of six years. By 1980, when the current fleet is sold, three aircraft will be fully depreciated and the entire average unwritten-off life of all seven aircraft will be just one year."

By 1980, Singapore Airlines expects its modernization program to be substantially completed. The airline will then have 10 new 747's, five McDonnell-Douglas DC-10's, five Boeing 707's and 12 Boeing 727's. "The average age of our aircraft, weighted by seats, will be one (Continued on Page 13, Col. 5)

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| | 1977 (In thousands of FF) | 1976 |
|---------------------------------|------------------------------|----------|
| TOTAL ASSETS | 692,771 | 363,329 |
| TOTAL CUSTOMERS DEPOSITS | 420,570 | 173,242 |
| LOANS AND DISCOUNTS OUTSTANDING | 290,385 | 179,660 |
| NET PROFIT | 2,034 | 2,283 |
| CAPITAL AND RESERVES | 39,424* | 28,626** |

* after revaluation of construction and distribution of dividend for 1977.
** no dividend was paid for 1976.

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Market Summary

NYSE Most Active

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

| Volume (in millions) | NYSE | AMEX | OTC |
|----------------------|-------|------|-----|
| Advanced | 600 | 250 | 150 |
| Declined | 100 | 50 | 30 |
| Unchanged | 400 | 150 | 100 |
| Total issues | 1,100 | 450 | 280 |
| New issues | 100 | 50 | 30 |
| New issues | 100 | 50 | 30 |

Dow Jones Averages

| Index | High | Low | Open | Close | Change |
|--------|--------|--------|--------|--------|--------|
| 30 Ind | 222.75 | 222.15 | 222.15 | 222.15 | +0.25 |
| 50 Ind | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |
| 65 Ind | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |

Standard & Poors

| Index | High | Low | Open | Close | Change |
|-----------|--------|--------|--------|--------|--------|
| Composite | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |
| Utilities | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |
| Finance | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |

NYSE Index

| Index | High | Low | Open | Close | Change |
|-----------|--------|--------|--------|--------|--------|
| Composite | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |
| Utilities | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |
| Finance | 105.50 | 105.00 | 105.00 | 105.00 | +0.25 |

Odd-Lot Trading in N.Y.

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

American Most Active

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

European Gold Markets

| Market | High | Low | Open | Close | Change |
|------------------|--------|--------|--------|--------|--------|
| London | 172.15 | 171.25 | 171.25 | 171.25 | +0.25 |
| Zurich | 171.75 | 170.75 | 170.75 | 170.75 | +0.25 |
| Paris (12.5 bid) | 170.75 | 170.75 | 170.75 | 170.75 | +0.25 |

Tuesday's New Highs and Lows

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

NEW HIGHS—B

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

NEW LOWS—B

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| Stock | High | Low | Open | Close | Change |
|-------------------|--------|--------|--------|--------|--------|
| Boeing | 48.30 | 47.50 | 47.50 | 47.50 | +0.25 |
| Exxon | 39.00 | 38.50 | 38.50 | 38.50 | +0.25 |
| GenCorp | 34.00 | 33.50 | 33.50 | 33.50 | +0.25 |
| IBM | 114.00 | 113.50 | 113.50 | 113.50 | +0.25 |
| Johnson & Johnson | 23.00 | 22.50 | 22.50 | 22.50 | +0.25 |
| Merck | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Pharmacia | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Rockwell | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Union Carbide | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |
| Walt Disney | 25.00 | 24.50 | 24.50 | 24.50 | +0.25 |

Banque Leclerc Lost Up to \$199 Million

| | | |
|----------------|-------|-------|
| Revenue..... | 284.1 | 264.8 |
| Profits..... | 8.18 | 7.20 |
| Per share..... | 1.20 | 1.07 |

Revenue, Profits in Millions

Canada

U.S. Source

Narrowing

Central Banks, States Seen Lending Less

NEW YORK, May 9 (NYT)—The U.S. Treasury has been borrowing heavily not only from foreign nations but also from states and cities in this country. It is becoming clear, however, that these two bountiful sources of ready cash will not make loans so freely in the months ahead. In which case, interest rates are likely to rise.

Last year foreign countries bought \$31.5 billion of the securities the Treasury sold to help finance its deficit. States and other local governments purchased \$13.5 billion. Altogether, these two sources provided \$45 billion of the \$52.1 billion the Treasury borrowed last year.

If these two sources decide not to lend the United States so much, other securities buyers will have to be found. And, to attract them, interest rates could very well have to increase.

Foreign central banks have already cut back their holdings of Treasury securities, by almost \$4 billion, within the last month. Last week the Internal Revenue Service proposed regulations that would cut back purchases of Treasury securities by states and cities after May 16.

Right now the Treasury is enjoying the respite it customarily gets in the April-May-June quarter as tax receipts outrun expenditures, so the government's debt managers are able to reduce the national debt slightly, if only temporarily. Later in the year, however, the Treasury will step up its borrowing, and that is when the absence of foreign and local buying will begin to be felt, perhaps acutely.

Much depends on the strength of the dollar. If it weakens again in foreign-exchange trading as it did in 1977 and early 1978, foreign central banks would again have plenty of excess dollars as they buy currency in an effort to keep their own currencies from rising too fast. They would thus tend to renew their purchase of Treasury bills and notes.

Foreign countries began to buy Treasury securities in earnest late last August as the dollar's value began to drop sharply. The Federal Reserve's holdings of Treasury issues for foreign central banks and international accounts jumped from \$60.72 billion on Aug. 31, to a peak of \$89.04 billion on April 12—a whopping \$28.32 billion increase. Since then, however, these custody holdings have fallen to \$85.16 billion.

"If the dollar continues its recent firmness," said Richard Kelly, special assistant for debt management, "participation of foreign central banks will dwindle, perhaps appreciably."

That would tend to accentuate the rise in interest rates that started in mid-April when the Fed custody holdings peaked. Other factors most important is the Fed's decision April 19 to raise interest rates) also helped cause the trend toward higher rates, of course.

The growth of state and local government purchases of Treasury securities in the mid-1970s has also been impressive. In 1975 the Treasury raised \$634 million by selling nonmarketable securities to states and cities. In 1976 that jumped to \$3.2 billion and last year to \$9.4 billion. In the first four months this year, sales of nonmarketable Treasury securities to states and cities ran at an annual rate of \$11 billion.

Most of the money has come from bond issues that local governments have sold to refund bonds with higher interest rates that were marketed during the tight-money period of 1974-75. While such financial operations are complex, they usually involve investment of the proceeds of the new bonds in

Within the next week, more than a dozen states and cities will rush to sell an estimated \$2 billion of so-called "invested sinking fund bonds"—much of which is invested in Treasury securities—before the May 16 cutoff announced last week by the Internal Revenue Service. The IRS is seeking to stop sales of such bonds because it does not approve of local governments making profits by selling tax-exempt bonds and investing the money in higher-yielding taxable government securities.

WASHINGTON, May 8 (AP)—U.S. export prices rose 1.9 percent in the first quarter of the year, following a 1.3-percent increase the previous quarter, the Labor Department said today.

By Jonathan Randall

KHARTOUM (WP)—Sudan is refusing to devalue the pound and impose either stringent reforms set by the International Monetary Fund as the price for bailing out its nearly bankrupt economy.

Sudan's problems and only make the import bill for such necessities as flour and oil more expensive. They talk vaguely of a two-tier system for the Sudanese pound over the next four to five years. The currency already was in a slide from the 1971 level of 22.5 to 1972 level of 32.5 to 1973 level of 42.5 to 1974 level of 52.5 to 1975 level of 62.5 to 1976 level of 72.5 to 1977 level of 82.5 to 1978 level of 92.5 to 1979 level of 102.5 to 1980 level of 112.5 to 1981 level of 122.5 to 1982 level of 132.5 to 1983 level of 142.5 to 1984 level of 152.5 to 1985 level of 162.5 to 1986 level of 172.5 to 1987 level of 182.5 to 1988 level of 192.5 to 1989 level of 202.5 to 1990 level of 212.5 to 1991 level of 222.5 to 1992 level of 232.5 to 1993 level of 242.5 to 1994 level of 252.5 to 1995 level of 262.5 to 1996 level of 272.5 to 1997 level of 282.5 to 1998 level of 292.5 to 1999 level of 302.5 to 2000 level of 312.5 to 2001 level of 322.5 to 2002 level of 332.5 to 2003 level of 342.5 to 2004 level of 352.5 to 2005 level of 362.5 to 2006 level of 372.5 to 2007 level of 382.5 to 2008 level of 392.5 to 2009 level of 402.5 to 2010 level of 412.5 to 2011 level of 422.5 to 2012 level of 432.5 to 2013 level of 442.5 to 2014 level of 452.5 to 2015 level of 462.5 to 2016 level of 472.5 to 2017 level of 482.5 to 2018 level of 492.5 to 2019 level of 502.5 to 2020 level of 512.5 to 2021 level of 522.5 to 2022 level of 532.5 to 2023 level of 542.5 to 2024 level of 552.5 to 2025 level of 562.5 to 2026 level of 572.5 to 2027 level of 582.5 to 2028 level of 592.5 to 2029 level of 602.5 to 2030 level of 612.5 to 2031 level of 622.5 to 2032 level of 632.5 to 2033 level of 642.5 to 2034 level of 652.5 to 2035 level of 662.5 to 2036 level of 672.5 to 2037 level of 682.5 to 2038 level of 692.5 to 2039 level of 702.5 to 2040 level of 712.5 to 2041 level of 722.5 to 2042 level of 732.5 to 2043 level of 742.5 to 2044 level of 752.5 to 2045 level of 762.5 to 2046 level of 772.5 to 2047 level of 782.5 to 2048 level of 792.5 to 2049 level of 802.5 to 2050 level of 812.5 to 2051 level of 822.5 to 2052 level of 832.5 to 2053 level of 842.5 to 2054 level of 852.5 to 2055 level of 862.5 to 2056 level of 872.5 to 2057 level of 882.5 to 2058 level of 892.5 to 2059 level of 902.5 to 2060 level of 912.5 to 2061 level of 922.5 to 2062 level of 932.5 to 2063 level of 942.5 to 2064 level of 952.5 to 2065 level of 962.5 to 2066 level of 972.5 to 2067 level of 982.5 to 2068 level of 992.5 to 2069 level of 1002.5 to 2070 level of 1012.5 to 2071 level of 1022.5 to 2072 level of 1032.5 to 2073 level of 1042.5 to 2074 level of 1052.5 to 2075 level of 1062.5 to 2076 level of 1072.5 to 2077 level of 1082.5 to 2078 level of 1092.5 to 2079 level of 1102.5 to 2080 level of 1112.5 to 2081 level of 1122.5 to 2082 level of 1132.5 to 2083 level of 1142.5 to 2084 level of 1152.5 to 2085 level of 1162.5 to 2086 level of 1172.5 to 2087 level of 1182.5 to 2088 level of 1192.5 to 2089 level of 1202.5 to 2090 level of 1212.5 to 2091 level of 1222.5 to 2092 level of 1232.5 to 2093 level of 1242.5 to 2094 level of 1252.5 to 2095 level of 1262.5 to 2096 level of 1272.5 to 2097 level of 1282.5 to 2098 level of 1292.5 to 2099 level of 1302.5 to 2100 level of 1312.5 to 2101 level of 1322.5 to 2102 level of 1332.5 to 2103 level of 1342.5 to 2104 level of 1352.5 to 2105 level of 1362.5 to 2106 level of 1372.5 to 2107 level of 1382.5 to 2108 level of 1392.5 to 2109 level of 1402.5 to 2110 level of 1412.5 to 2111 level of 1422.5 to 2112 level of 1432.5 to 2113 level of 1442.5 to 2114 level of 1452.5 to 2115 level of 1462.5 to 2116 level of 1472.5 to 2117 level of 1482.5 to 2118 level of 1492.5 to 2119 level of 1502.5 to 2120 level of 1512.5 to 2121 level of 1522.5 to 2122 level of 1532.5 to 2123 level of 1542.5 to 2124 level of 1552.5 to 2125 level of 1562.5 to 2126 level of 1572.5 to 2127 level of 1582.5 to 2128 level of 1592.5 to 2129 level of 1602.5 to 2130 level of 1612.5 to 2131 level of 1622.5 to 2132 level of 1632.5 to 2133 level of 1642.5 to 2134 level of 1652.5 to 2135 level of 1662.5 to 2136 level of 1672.5 to 2137 level of 1682.5 to 2138 level of 1692.5 to 2139 level of 1702.5 to 2140 level of 1712.5 to 2141 level of 1722.5 to 2142 level of 1732.5 to 2143 level of 1742.5 to 2144 level of 1752.5 to 2145 level of 1762.5 to 2146 level of 1772.5 to 2147 level of 1782.5 to 2148 level of 1792.5 to 2149 level of 1802.5 to 2150 level of 1812.5 to 2151 level of 1822.5 to 2152 level of 1832.5 to 2153 level of 1842.5 to 2154 level of 1852.5 to 2155 level of 1862.5 to 2156 level of 1872.5 to 2157 level of 1882.5 to 2158 level of 1892.5 to 2159 level of 1902.5 to 2160 level of 1912.5 to 2161 level of 1922.5 to 2162 level of 1932.5 to 2163 level of 1942.5 to 2164 level of 1952.5 to 2165 level of 1962.5 to 2166 level of 1972.5 to 2167 level of 1982.5 to 2168 level of 1992.5 to 2169 level of 2002.5 to 2170 level of 2012.5 to 2171 level of 2022.5 to 2172 level of 2032.5 to 2173 level of 2042.5 to 2174 level of 2052.5 to 2175 level of 2062.5 to 2176 level of 2072.5 to 2177 level of 2082.5 to 2178 level of 2092.5 to 2179 level of 2102.5 to 2180 level of 2112.5 to 2181 level of 2122.5 to 2182 level of 2132.5 to 2183 level of 2142.5 to 2184 level of 2152.5 to 2185 level of 2162.5 to 2186 level of 2172.5 to 2187 level of 2182.5 to 2188 level of 2192.5 to 2189 level of 2202.5 to 2190 level of 2212.5 to 2191 level of 2222.5 to 2192 level of 2232.5 to 2193 level of 2242.5 to 2194 level of 2252.5 to 2195 level of 2262.5 to 2196 level of 2272.5 to 2197 level of 2282.5 to 2198 level of 2292.5 to 2199 level of 2302.5 to 2200 level of 2312.5 to 2201 level of 2322.5 to 2202 level of 2332.5 to 2203 level of 2342.5 to 2204 level of 2352.5 to 2205 level of 2362.5 to 2206 level of 2372.5 to 2207 level of 2382.5 to 2208 level of 2392.5 to 2209 level of 2402.5 to 2210 level of 2412.5 to 2211 level of 2422.5 to 2212 level of 2432.5 to 2213 level of 2442.5 to 2214 level of 2452.5 to 2215 level of 2462.5 to 2216 level of 2472.5 to 2217 level of 2482.5 to 2218 level of 2492.5 to 2219 level of 2502.5 to 2220 level of 2512.5 to 2221 level of 2522.5 to 2222 level of 2532.5 to 2223 level of 2542.5 to 2224 level of 2552.5 to 2225 level of 2562.5 to 2226 level of 2572.5 to 2227 level of 2582.5 to 2228 level of 2592.5 to 2229 level of 2602.5 to 2230 level of 2612.5 to 2231 level of 2622.5 to 2232 level of 2632.5 to 2233 level of 2642.5 to 2234 level of 2652.5 to 2235 level of 2662.5 to 2236 level of 2672.5 to 2237 level of 2682.5 to 2238 level of 2692.5 to 2239 level of 2702.5 to 2240 level of 2712.5 to 2241 level of 2722.5 to 2242 level of 2732.5 to 2243 level of 2742.5 to 2244

KHARTOUM (WF)—Sudan is phasing in devalue the pound and impose other stringent reforms set forth by the International Monetary Fund as the price for bailing out its nearly bankrupt economy. The import bill for such necessities as flour and oil more expensive. They talk vaguely of a two-tier system for the Sudanese pound over the next four or five years. The currency already varies in value from 330 million worth of peanuts for export are waiting for rail shipment.

With only 375 miles of paved road, and chaotic shipping and air service, the country's inadequate

Apparently mindful that riots and revolutions have accompanied IMF-imposed reforms in other countries, Sudan's president, Jaafar al-Nimiri, who has refused the terms which would lead to a soft-loan package worth potentially more than \$800 million. Worked out late last year by the IMF, the package is said to have helped some \$130 million in IMF help—and as much as \$700 million in soft loans from Saudi Arabia.

Mr. Nimiri went to Riyadh determined to convince King Khalid and Crown Prince Faisal that they should help him over his short-term problems. He

instructed his foreign minister, Ibrahim al-Faki, to insist that the Sudan's foreign debt be reduced to \$2.51 for tourists, \$1.67 for Sudanese workers in foreign countries remitting hard currency, and between \$1.40 and \$1.50 on free currency markets abroad.

The Sudan's problems reflect a classic web of Third World economics. The central bank has no reserves worth mentioning. The country's credit rating is near zero. Inflation is running officially at 25 percent, but that figure is considered a gross understatement. Foreign loans can't up nearly one-third of export earnings; the trade deficit is enormous, and the budget deficit is financed by printing money.

The government's economic dilemma is repeated in the provinces where the bulk of the population has been paid, and the steady drain of skilled and semiskilled workers to Saudi Arabia and other better-paying, oil-rich countries. Some of those tensions surfaced recently in strikes—theoretically illegal—involving technicians demanding better pay.

Nor is there any real hope that the Sudanese economic problems

The country's only port—Port Sudan—is badly degraded. Sixty of the railways' 150 locomotives are sidetracked for lack of spare parts—unavailable because there is

U.S. Currency Law Loses Sting for Multinationals

...the government to be able to carry out some form of decision beyond the normal one when the new budget normalizes the dollar that were acquired

All "monetary" items, primarily debt and accounts receivable, are also translated, but at current rates, or the rates in effect at the close of the quarter.

Most companies finance their inventories through local borrowings. When the dollar falls against other currencies, as it did in 1977, the

Government officials argue that evaluation will do little to solve company records a translation "loss" because it theoretically takes more dollars to pay off the local debt. This loss must be recorded on corporate books immediately even though the money may not have to be repaid for years, and may not be paid in dollars at all, but out of local currency flows.

However, this "loss" can be offset in subsequent quarters when the company's foreign income exceeds its reporting requirements, but also to conduct their foreign ex-

The transaction was kept so secret that even some U.S. aircraft producers in competition with Boeing were completely unaware of the sale until contacted by a reporter.

From Singapore, the hub of Asian business activity, the airline flies to London, New York, Los Angeles, San Francisco, Dallas, Houston, Chicago, Atlanta, Miami, Fort Lauderdale, Tampa, Orlando, and Washington, D.C. The airline also flies to London, New York, Los Angeles, San Francisco, Dallas, Houston, Chicago, Atlanta, Miami, Fort Lauderdale, Tampa, Orlando, and Washington, D.C. The airline also flies to London, New York, Los Angeles, San Francisco, Dallas, Houston, Chicago, Atlanta, Miami, Fort Lauderdale, Tampa, Orlando, and Washington, D.C.

whammy," said David Norr, an analyst with First Manhattan Co. He gave an example of Exxon selling oil in Europe in the 1977 fourth quarter, and significantly increasing its gross margin because of the leveraged impact of FASB 8. "The same thing is happening with Heinz exporting navy beans to England," he added, and with other companies.

Indeed, some of the New York banks reporting a sharp surge in first-quarter profits attributed much of the improvement to increased earnings from foreign-exchange trading.

There are, however, ways of avoiding bank middlemen. Consolidated Foods, which recently bought a large interest in a Dutch

The first quarter results of Exxon continued to show such an effect. The company's exposure through something called an "intercurrency rate currency aglar to a parallel loan, the Chicago food company will swap dollars for Dutch guilders some years hence at an exchange rate set early this year.

Even as companies are resorting to such defensive maneuvers, the Standards Board is responding to

Output Rises 9%
THE HAGUE, May 9—Industrial production in the Netherlands rose 0.9 percent in the first four months of this year, the statistics office said today, a 1.7 percent from a year earlier, the statistics office said today in a provisional report. The index, based on 1970 equals 100, was up 1.7 percent from a year earlier, the statistics office said today in a provisional report.

(Continued From Page 9)

es—might be too low. The \$6 billion figure had been "mentioned more" and was the basis of the budget for the fiscal year beginning April 1. But it was then thought that the preceding year's payments surplus was only \$10 billion. It has now developed that Japan ran a \$10-billion surplus last year.

at an annual rate of 14 percent from October to March—faster than expected. Japan means to reach its growth goal with the help of fiscal stimulus, mainly in the form of public-works spending. This approach has been criticized by outside economists as likely to increase Japan's foreign import demand, compared to what tax cuts for consumers would do.

be checked only if all the industrial countries—including West Germany, he said—"upgrade their rate of growth."

This would also be essential to help the less developed countries, who need "a bigger flow of resources" and "more purchasing power for their goods," he said. But Japan is uneasy about granting special trade preferences.

But Mr. Ushiba said the Japanese savings rate was "very high—more than 25 percent—and even if we gave a break to consumers by tax cuts the money would go into so-called developing countries. "Some are much stronger than others, such as Korea, Mexico and Singapore," Mr. Ushiba said, "and need to be treated like equals."

Japan's surplus in trade alone last year was \$20 billion, Mr. Ushio suggested that his country could be doing well to get that figure down to \$12 billion or \$13 billion this year. The most important

As in his own country, Mr. Ushiba thinks protectionist pressures and disintegrative tendencies throughout the world economy can

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| 19 VermlA | 12 | 10 | 13 | 28 | 27% | 27% | + 1/2 | 20% | 19% | 6% | Wainos | 600 | 2.3 | 6 | 4 | 3 | Wicht | |
| 44 Vermlin | 9 | 116 | 73 | 73% | 73% | + 3/4 | | 9% | 5 | Wainos | 28 | 3.1 | 24 | 9 | 8% | 9 | + 1/2 | |
| 12-16 Vertile | 5 | 15 | 1% | 1% | 14 | 14 | - 1/2 | 19% | 10 | Wainos | 24 | 2.15 | 28 | 19 | 18% | 18% | - 1/2 | |
| 13 Vasefi | 63 | 2 | 1% | 1% | 1% | 1% | | 16% | 7% | Wainos | 2 | 14 | 9.14 | 86 | 16% | 16% | 16% | + 1/2 |
| 2% Vitech | 9 | 1 | 37% | 37% | 37% | - 1/2 | | 11% | 4 | Wainos | 3 | 11% | 17 | 11 | - 1/2 | | | |

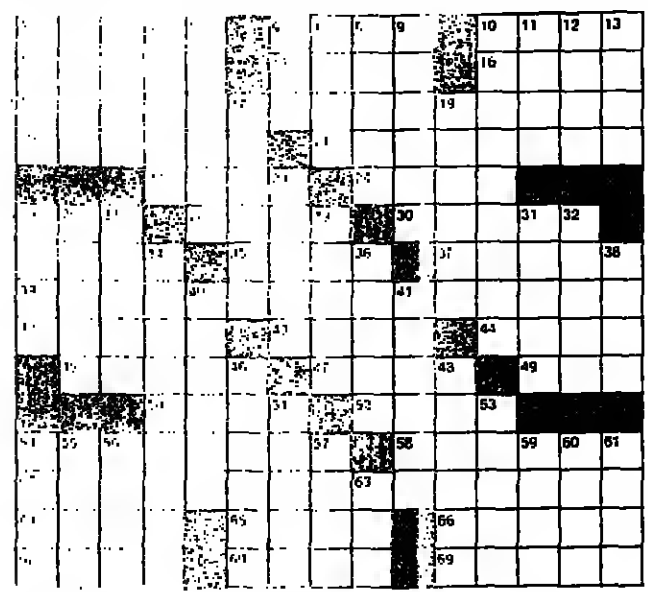
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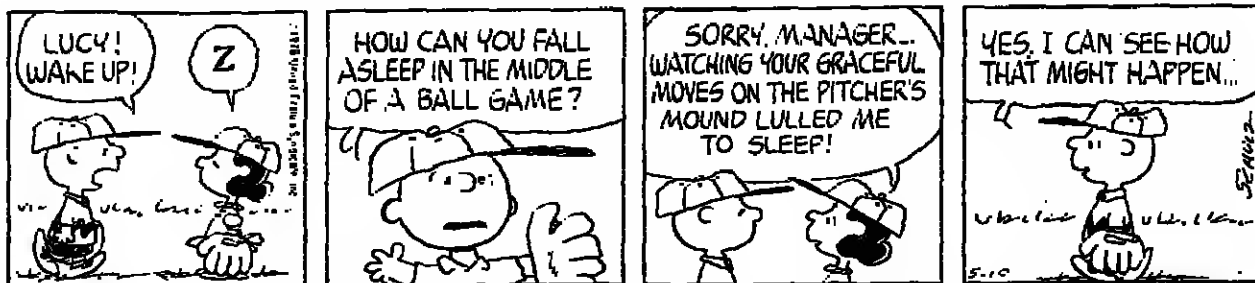
PEANUTS

By Eugene T. Malesko

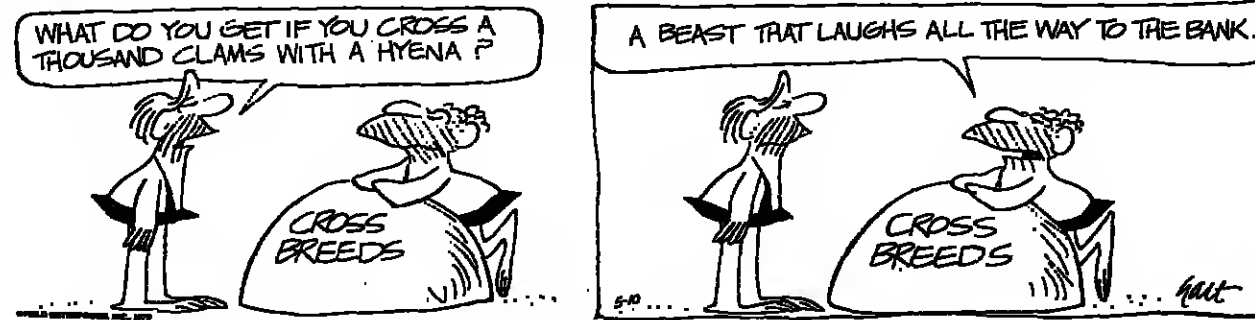


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12 Down: 61 Site of fierce
13 Across: 62 Site of fierce
14 Down: 63 Site of fierce

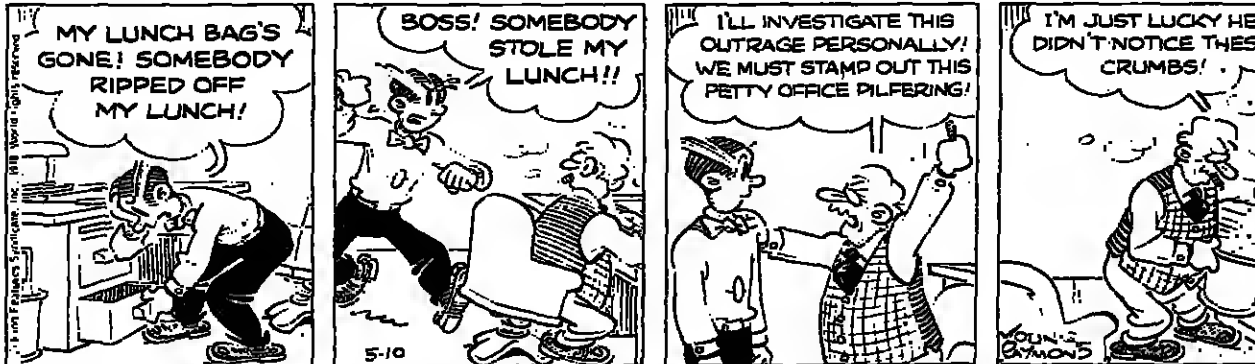
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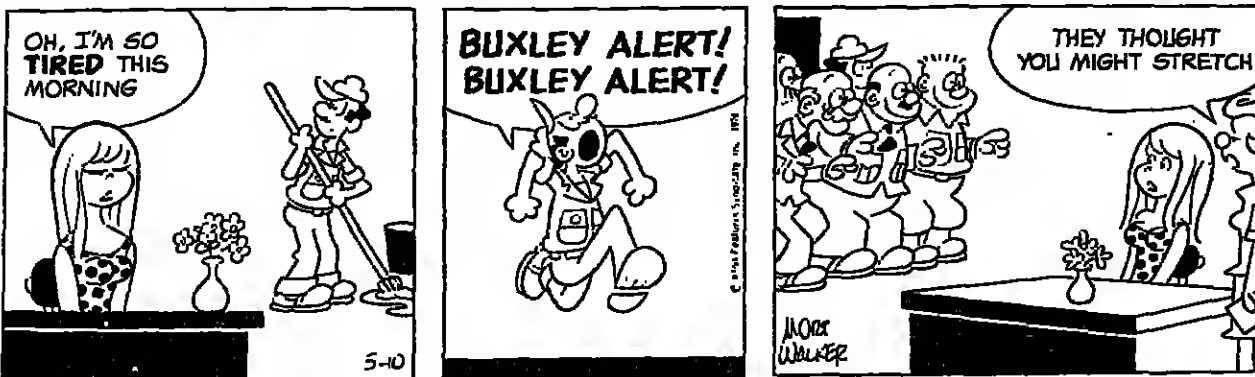
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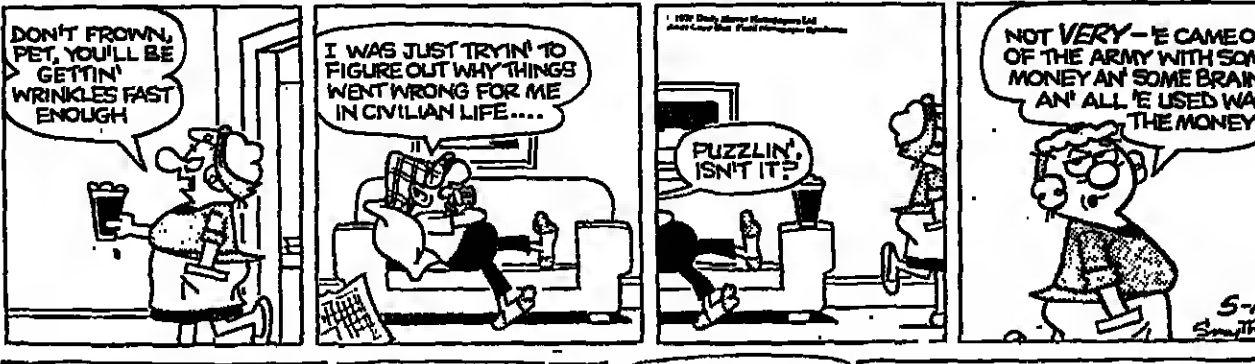
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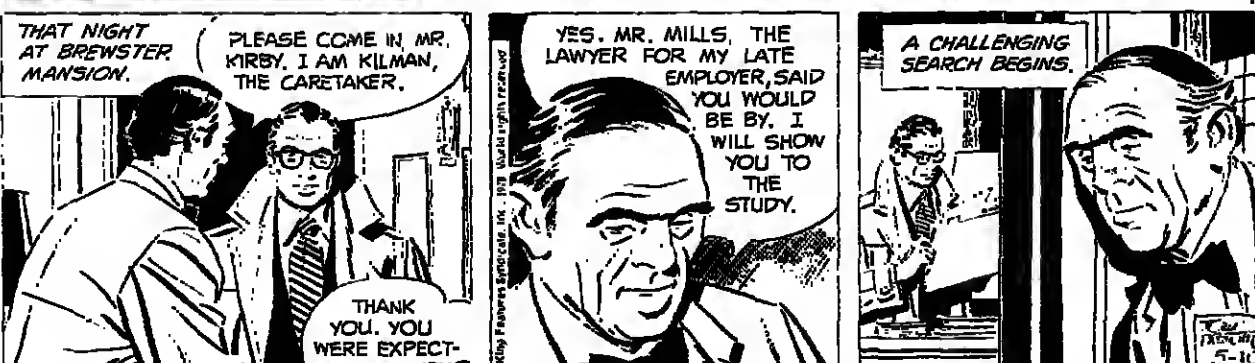
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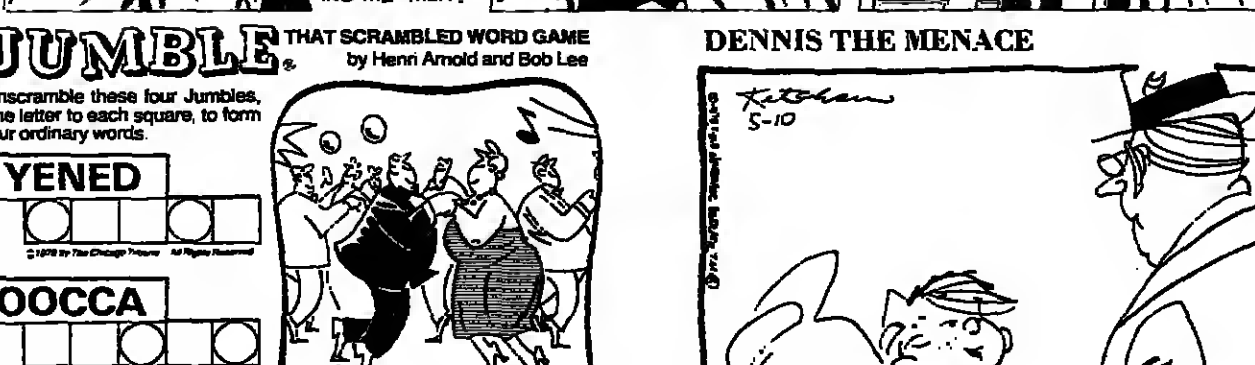
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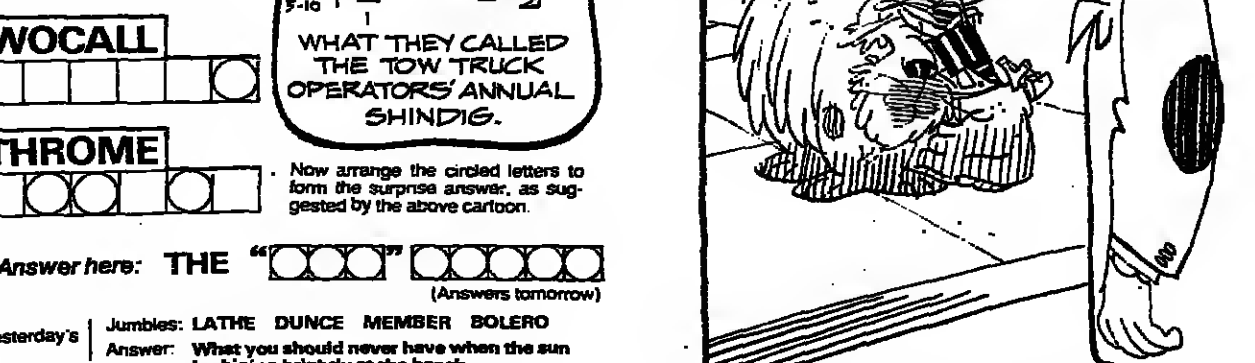
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BOOKS

—AND I WORKED AT THE WRITER'S TRADE

Chapters of Literary History, 1918-1978

By Malcolm Cowley. Viking, 276 pp. \$12.95.

Reviewed by John Leonard

TO HAVE written "Exile's Return," "The Literary Situation," and "A Second Flowering"; to have rescued William Faulkner from critical neglect; and to have been the first editor to publish John Cheever constitutes a career for which no man of letters need apologize. And Malcolm Cowley, at 79, is not exactly apologizing. His prose, as always, is lean and sinewy. His moral metronome, as usual, ticks away. His acumen and liberal sympathies are, as ever, manifest. There are fine moments of humor and anger throughout. "And I Worked at the Writer's Trade,"

But there is also a wistfulness. He is troubled. Something nags him, a failed chance of some sort. It is as if he misses a cherished civility, both literary and political, in the world that has come to be. It is also as if he is disappointed in himself without quite knowing why. Cowley raises questions, and then slips away. A disquieting tension is unresolved.

"And I Worked at the Writer's Trade" is partly a series of appreciations: of the well-known (Hemingway, Faulkner, Conrad Aiken, Erskine Caldwell) and the unknown or forgotten (the novelist and critic Robert M. Coates, the poet S. Foster Damon). It is partly fragments of autobiography: Harvard, Greenwich Village, Paris, the New Republic, the National Institute and the American Academy of Arts and Letters. And it is partly a sequel to "The Literary Situation": how writers group themselves in generations; inspiration and discipline; personal ethics and transcendent art; story-telling versus "metafiction."

There is not a page here without the watermark and signature of intelligence. Hemingway is defended against the "particulates" and "jackals" who would reduce his achievement to a handful of short stories. Faulkner is preserved from silly neo-Freudian babblers. Aiken is praised for his resolute shyness, devotion to craft and unfashionable indifference to fashion. Coates and Damon are mourned; they didn't know how to promote themselves; they were strangers to the celebrity racket, the marketing of a persona.

Clarence Britten at the Dial was kind to an undergraduate Cowley, so Cowley at the New Republic will be kind to a teen-aged John Cheever, although he doesn't mention it. (I am reminded of William Buckley Jr., who in 1959 at the National Review was kind to such odd and unknown writers as Garry Wills, Joan Didion, Renata Adler and me. We ought never to forget.)

As for the writer, every writer: "No complete son-of-a-bitch," he says. "ever wrote a good sentence." This is extremism in the defense of civility. He goes too far, which is as it should be. One quarrels with many of his opinions, which is also as it should be. He is a critic, not a pharmacist or a bartender. Is "For Whom the Bells Toll" really "the most complex and powerful of Hemingway's works"? At the risk of sounding like a jackal, I demur. Cowley commends it for its political sensitivity. I think he misses the point. The objection to "For Whom the Bells Toll" is not its politics, but its windy and unconscious self-parody. (For Robert Jordan without the heavy breathing to

John Leonard is on the staff of The New York Times.

Best Sellers

The New York Times. This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

| Rank | Book | Author | Weeks on List |
|------------|--|-----------------------|---------------|
| 1 | BLOODLINE | by Sidney Sheldon | 11 |
| 2 | THE HORROR OF COVE | by Robert Ludlum | 2 |
| 3 | SCRIPPLES | by Judith Keating | 5 |
| 4 | THE WOK | by David M. Brown | 5 |
| 5 | THE HUMAN FACTOR | by Graham Greene | 4 |
| 6 | THE SHILLARILLION | by J.R.R. Tolkien | 6 |
| 7 | WHISTLE | by James Jones | 7 |
| 8 | THE PLAIN | by Richard Brautigan | 8 |
| 9 | A STRANGER IS WATCHING | by Mary Higgins Clark | 9 |
| 10 | ILLUSIONS | by Richard Bach | 10 |
| 11 | GOODBYE CALIFORNIA | by Alasdair MacLennan | 12 |
| 12 | THE WOK | by David M. Brown | 12 |
| 13 | THE HONORABLE | by John Le Carré | 14 |
| 14 | THE BLACK MARBLE | by Joseph Wambaugh | 18 |
| 15 | DELTA OF VENUS | by Anna M.... | 35 |
| NONFICTION | | | |
| 1 | THE COMPLETE BOOK OF RUNNING | by James F. Fitz | 1 |
| 2 | IF I REMEMBER | by James F. Fitz | 2 |
| 3 | CHERRIES - WHAT AM I DOING IN THE PITS? | by Erna Bernick | 2 |
| 4 | MY MOTHER, MY SELF | by Nancy Friday | 3 |
| 5 | THE ONLY INVESTMENT GUIDE YOU'VE EVER | by Andrew Tobias | 9 |
| 6 | GNOMES | by Wil Postel | 4 |
| 7 | ADRIEN ARPEL'S THREE-VEE SHAPED BEAUTY PROGRAM | by Adrien Arpel | 5 |
| 8 | ALL THINGS WISE AND WONDERFUL | by James Herriot | 7 |
| 9 | THE ENDS OF POWER | by H.R. Haldeman | 6 |
| 10 | LOOKING OUT FOR NUMBER ONE | by Robert J. Ring | 11 |
| 11 | THE FINAL CONCLAVE | by Malachi Martin | 10 |
| 12 | IN HIS IMAGE: The Closing of a Man's Mind | by Sylvia Nasar | 1 |
| 13 | THE SECOND RING OF POWER | by Carlos Castaneda | 12 |
| 14 | COUNTRY | by John McPhee | 13 |
| 15 | DESIGNING YOUR FACE | by Way Bandy | 15 |

BRIDGE

By Alan Truscott

West's heart queen opening lead on the diagrammed deal is covered by the king and ace. South ruffs and plays the spade queen, giving East a problem when he wins with the ace. The routine play is to continue hearts, but East should see that the routine play has no chance: The declarer will persevere with trumps and then establish diamonds, so two spade tricks and one diamond will be the limit for the defense.

East should work out that the defense needs a club trick and it is no use waiting for someone else to lead the suit. He should return club five, which serves to defeat the contract as the cards lie. The queen wins in dummy, but South has to drive out the spade ace and the diamond king and he goes one down since the defense scores its club trick in time.

Two subtle points are worth noting. East should shift to a low club rather than an honor, because he wants South to misguess with 10 8

x. And South's play of the heart king on the first trick, normally an out a wise move, was good here because it made it easy for East to continue hearts, which was what declarer wanted.

NORTH (D)
♠ 85
♥ K62
♦ AQ108
♣ AQ6

WEST
♠ 7
♥ QJ1085
♦ 643
♣ 10732

EAST
♠ AK3
♥ AQ743
♦ KJ5
♣ KJ5

SOUTH
♠ 109642
♥ 7
♦ 1075
♣ 884

East and West were vulnerable. The bidding:
North: 1♠
East: 2♥
South: 3♥
West: 4♠

INTERNATIONAL FUNDS

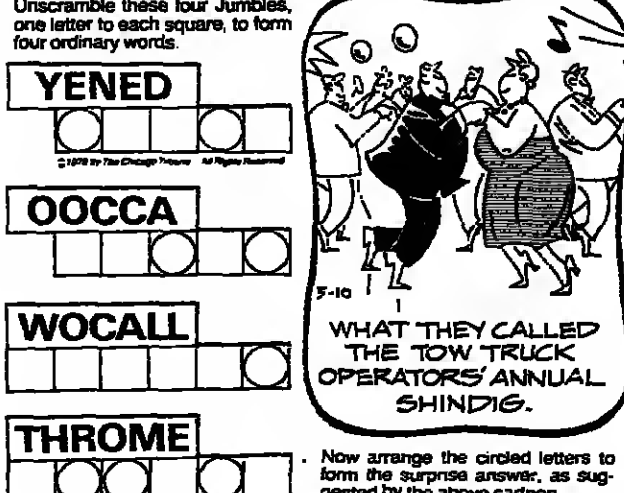
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May 9, 1978

| Other Funds | Assets | Liabilities |
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| 1. American Fund for Public Affs. | \$1,234,567 | \$1,234,567 |
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JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Answer here: THE

Yesterday's Jumbles: LATHE DUNCE MEMBER BOLERO

Answer: What you should never have when the sun is shining brightly at the beach—A "DULL" MOMENT

DENNIS THE MENACE



L.A. Extends Olympic Dealing

By Kenneth Reich

LOS ANGELES, May 9 (UPI)—Indications that the International Olympic Committee finds Los Angeles' Olympic contract unacceptable—and word from the IOC that it would not even consider it—brought a major move in a city council committee today to extend bargaining for 1984 Games beyond the IOC's closing next week in Athens.

After a day of exchanges with IOC leaders, the outlook for Los Angeles' bid for the Games had apparently undergone drastic change. Exchanges between the IOC and the five-member ad hoc Olympic committee indicated that the effort to land the Olympics for the city had entered a new period of uncertainty and possible crisis.

Perhaps the biggest change came when Los Angeles Mayor Tom Bradley's Olympics liaison, Anton Callea, abandoned the Bradley administration position that the city would present a take-it-or-leave-it position in Athens next week, and would allow bargaining there.

There were these developments:

• A cable was received from IOC executive director Monique Berlioux saying "the IOC cannot consider" the draft contract Los Angeles cabled to it last week until the city responds to an IOC draft contract submitted on April 11.

Callea earlier had reported to the ad hoc committee that Berlioux had told him that the IOC's reaction to the 24-page Los Angeles contract was going to be "most unfavorable," and he also reported that IOC president Lord Killanin had told a U.S. Olympic Committee official that he was "very concerned" after reading the contract.

• The committee voted to notify the IOC that it found the April 11 IOC contract unacceptable and that the city's draft contract constituted a formal counterproposal.

• The committee amended the draft contract prepared by the city attorney's office with the assistance of prestigious private attorneys in a number of respects, but it left intact its cost veto provisions and provisions insulating the city from financial liability for actions of the local Olympic organizing committee.

• The committee voted to allow the four elected city officials who are being sent to Athens—Bradley, City Council President John Ferraro and council members Bob Ronka and Peggy Stevenson—to agree to technical but not substantive changes in the amended draft contract in negotiations in Athens, as long as all four agreed to them.

Any changes in substance would have to be forwarded to the council for approval during the Athens meeting, or brought home for ratification later. Without council approval, no contract could be signed.

• The committee voted to extend the city's bid for 30 days. It had been scheduled to expire on May 18, the day the IOC is scheduled to vote on awarding the Games. Now, it will not expire until June 17, allowing exchanges to go on if no agreement has been reached and approved by the council during the Athens meeting.

© Los Angeles Times

Senate Votes Sports Panel

WASHINGTON, May 9 (UPI)—In an effort to end factional disputes that have affected the quality of U.S. teams in Olympic and international competition, the Senate has approved legislation to bring all amateur athletics under the U.S. Olympic Committee.

The bill, passed yesterday and sent to the House, follows a two-year study on how to expand athletic opportunities and improve the world-class athletes fielded by the United States.

The bill makes the USOC the coordinating body for all amateur sports organizations and makes other changes that are expected to benefit the amateur athlete.

Included are new methods of settling organizational disputes over the right to be the recognized national governing body in a sport, financing sports more effectively, identifying and solving sports problems and inducing all organizations with major programs in a sport to join the national governing body for their activities can be coordinated.

The bill calls for a one-time federal outlay of \$30 million to help the USOC pay for its programs.

Major League Standings

AMERICAN LEAGUE

| Team | W | L | Pct. | GB |
|--------------|----|----|------|-------|
| Boston | 17 | 6 | .739 | — |
| New York | 16 | 6 | .727 | 1 1/2 |
| Los Angeles | 15 | 10 | .608 | 5 |
| Seattle | 14 | 13 | .519 | 8 |
| California | 14 | 14 | .500 | 9 |
| Minnesota | 13 | 15 | .464 | 10 |
| Chicago | 13 | 16 | .444 | 11 |
| San Diego | 12 | 17 | .413 | 12 |
| Philadelphia | 11 | 18 | .379 | 13 |
| Washington | 10 | 19 | .345 | 14 |
| Minnesota | 10 | 20 | .333 | 15 |
| Chicago | 9 | 21 | .300 | 16 |

NATIONAL LEAGUE

| Team | W | L | Pct. | GB |
|---------------|----|----|------|----|
| Los Angeles | 14 | 10 | .583 | — |
| San Diego | 13 | 11 | .540 | 1 |
| San Francisco | 12 | 12 | .500 | 2 |
| Atlanta | 11 | 13 | .455 | 3 |
| Philadelphia | 11 | 14 | .438 | 4 |
| St. Louis | 10 | 15 | .400 | 5 |
| Montreal | 10 | 16 | .385 | 6 |
| Chicago | 9 | 17 | .345 | 7 |
| Pittsburgh | 8 | 18 | .308 | 8 |
| Cincinnati | 7 | 19 | .269 | 9 |
| San Diego | 6 | 20 | .231 | 10 |

Monday's Line Scores

| Team | Score |
|---------------|-------|
| Los Angeles | 3-0 |
| San Diego | 2-1 |
| San Francisco | 1-0 |
| Atlanta | 1-0 |
| Philadelphia | 1-0 |
| St. Louis | 1-0 |
| Montreal | 1-0 |
| Chicago | 1-0 |
| Pittsburgh | 1-0 |
| Cincinnati | 1-0 |
| San Diego | 1-0 |

U.S. Unbeatable

In Nations Cup

DUESSELDORF, May 9 (UPI)—Harold Solomon and Roscoe Tanner won their singles matches today to give the United States an unbeatable 2-0 lead over Australia in the \$250,000 Nations Cup tennis tournament.

Solomon disposed of John Newcombe, 6-4, 6-4, in the opening match and Tanner followed with a 6-2, 7-6 victory over Phil Dent.

Yale Running Back Overlooked in Draft

By William N. Wallace

NEW YORK, May 9 (NYT)—Forty-four running backs were selected in the National Football League's draft last week, and John Pagliaro, the Yale star, was not one of them, although he had impressive credentials.

Applauding from the sidelines, Coach Carm Cozza, told him. When it comes to the vulnerable egos of his charges, Cozza is like a mother hen.

He told the 21-year-old Pagliaro that, from an economic standpoint, it was probably better not to get drafted after the eighth or ninth round and instead to await offers as a free-agent candidate. Cozza's advice was sound and the Yale star, the Patriots, the Bears, and the Chiefs—inquired about Pagliaro.

"He's got four offers to consider rather than one," said Cozza.

Minimum Wage

These offers are not going to be much compared to the terms accepted by Earl Campbell, the first of the 44 running backs drafted from the Houston Oilers: a \$1.3-million contract covering five years.

The Yale player can expect a bonus offer of about \$20,000 plus a minimum-wage NFL contract of \$20,000 that goes into effect only if he makes the final squad of 45.

The fact that Pagliaro was not selected bolsters the view that the draft is unpredictable and immune to generalities or value judgments.

For example, the 44th player drafted on the second round was Brett Maritz, a guard from Nebraska who had never started a game for the Cornhuskers. Tampa Bay picked him.

As a senior Pagliaro had rushed for an average of 128.8 yards a game for the Ivy League champions, which placed him fifth in the nation, and he scored 14 touchdowns. In his junior year he had been just as effective and he had shown that he could return kicks, catch passes and block.

Was his size, 5 feet 10 inches and 185 pounds, against him? Probably not. There were a number of smaller players chosen, one being a 5-8 quarterback from Fresno State drafted on the 12th round by Oakland as a defensive back. His name was Dean James.

Atlanta picked Milton Reed, 5-9 and 174, from Baylor on the 11th round and Ray Strong, 5-9 and 183, from Nevada-Las Vegas on the 10th round. Strong was one of two running backs the Falcons drafted on that round; the other was Ricky Patton, 5-11 and 185, from Jackson State. Both were rated higher than Pagliaro, Why?

"Speed," said Tom Bratz, Fayetteville, Ark., coach.

con director of player personnel. "Our reports indicated that Patton and Strong both have a quality essential in a halfback, quick change of direction when running outside, which Pagliaro lacked."

Bratz consulted the scouting book with regard to Pagliaro and quoted: "Hard worker, tough kid, good inside runner, not much outside speed." The 40-yard sprint is pro football's measuring device for speed, and Atlanta's figures were 4.65 seconds for Patton; 4.7 for Strong, and 4.75 for Pagliaro.

But Pagliaro was voted the Ivy League's best player last season and regarded as the league's best back for the last two years. Perhaps there is some stigma surrounding Ivy players or a professional view that the quality of Ivy football has dropped.

Lafayette made its first contribution in history to the draft when Seattle selected Rob Stewart on the 10th round. Another new school surfaced when Arizona Pacific, which has no claims to being a football power, produced Washington's 10th-round choice, Scott Herstenstein.

Pagliaro was not the only name player to be overlooked in the draft. Others were Randy Simmin, who had been a spectacular pass catcher for Southern California, although small and slight; Zac Henderson of Oklahoma, who in one balloting was voted the best defensive back in the country, and Ken Smith, the Boston College quarterback whose average of 16.6 completions per game placed him third in the country in major college statistics.

Rhodesia Team Won't Play in South Africa

SALISBURY, RHODESIA, May 9 (AP)—A Rhodesian soccer team announced today it would abide by the black African ban on sports with South Africa and canceled a two-match series in Johannesburg and Cape Town.

John Madzima, president of the national football association of Rhodesia, said he was acting "in the interests of the future of sport in Rhodesia."

He said that the decision was taken after a telegram was received yesterday from the Supreme Council for Sport in Africa and the African Football Confederation demanding cancellation of the tour.

Guthrie Basks in Shadows As Indy Practice Starts

INDIANAPOLIS, May 9 (AP)—Janet Guthrie doesn't get as much attention these days as she did the last two years at the Indianapolis Motor Speedway.

And she loves every minute of it. "It has made my life a lot easier off the track," Guthrie said yesterday during practice runs for the May 28 Indy 500.

While the constant pressure did not outwardly affect her driving, the 40-year-old Guthrie admitted life in a fishbowl was no picnic.

She still gets a lot of curious spectators, but gradually she is gaining recognition first as a race driver first and then, incidentally, as a woman.

Guthrie last year finished 29th in her first Indy start and is confident she can do better this time.

New Car

Her new car, purchased from George Bignotti and driven in three races last year by Wally Dallenbach, is still new to her.

"This is the first time I've been in a championship car in eight months," she said. "I think it's inherently a faster chassis and a more predictable car."

"Last year's car was a good, fast machine. Let's just say this one, we hope, has the potential to do a better job."

Guthrie turned a lap at 181 m.p.h. on Saturday's opening day of practice. Rain washed out all of Sunday's practice and most of yesterday's session, but Guthrie was one of 22 drivers who took advantage of the few hours of late-afternoon practice after the 2 1/2-mile track dried off.

4 More Winners

Defending champion A.J. Foyt, who left the Speedway yesterday to race his horses in Louisville, Ky., was expected to make his first practice run in his new Coyote today.

Four other former winners led the parade of drivers yesterday.



Boston's Bernie Carbo ducks throw to first by Kansas City's Fred Patek as he tries for second but is out on double play.

Red Sox Beat Royals, 8-4

BOSTON, May 9 (AP)—Carl Yastrzemski hit a three-run homer in the seventh inning off reliever Al Hrabosky to push Boston to an 8-4 victory last night over the Kansas City Royals. It was Boston's sixth straight victory.

Boston was leading 5-4 on Fred Lynn's fourth home of the year when Dennis Leonard (3-5) intentionally walked slugger Jim Rice, against whom the Royals had earlier used a four-outfield shift. Kansas City Manager Whitey Herzog brought in Hrabosky, his relief ace, who surrendered Yastrzemski's second homer of the season.

Boston had taken a 4-0 lead for Luis Tiant in the first on three unearned runs. But the Red Sox starter pulled a hamstring muscle in his right leg trying to field a Jerry Terrell bunt at third.

Reliever Bob Stanley (3-1) replaced Tiant and allowed three base hits, including a three-run double by designated hitter Mal McRae.

The Royals closed the gap to 5-4 in the sixth on a run on a walk, a Darrell Porter single and Amos Otis sacrifice fly.

Mets 3, Reds 2

At Cincinnati, pinch-hitter Bruce Boesch's single off shortstop Dave Concepcion's glove scored Lenny Randle from second base.

Kuhn Admonishes Carew For Talking About Trade

From Wire Dispatches

NEW YORK, May 9 (UPI)—Minnesota Twins batting star Rod Carew has been warned by baseball commissioner Bowie Kuhn and American League president Lee McPhail about his comments that he wants to play for a contending team.

"They told me to keep my mouth shut, so I'm keeping my mouth shut or they might ban me to Siberia," Carew told the New York Times yesterday. "But that's all right. I'll take my bats with me."

Carew, who won the league's Most Valuable Player award last year after he hit .358, said that he received a letter from Kuhn and had a conversation with McPhail about his comments.

"The commissioner told me I can't say the things I've been saying," Carew said. "He says that could be tampering. Somebody asked me who I'd like to go to and I said I didn't care if it was New York, Boston or California, but as it stands right now I'm a member of the Twins and I will be until it changes."

Calvin Griffith, owner of the Twins, does not want to deal his star first baseman but Carew, who is in the last year of his three-year contract, is seeking a substantial raise on his \$190,000-a-year contract and the Twins are not sure they will be able to satisfy him.

"Most anybody would be available to trade if you could help your ballclub," Griffith said last night. "It would be an ordeal to trade him. He's a five-and-10 man and could veto any trade. I want to try and sign him at a figure the Twins can live with."

"If I can't sign him, I guess it would be more suitable to make a deal for him."

No Yankee Deal

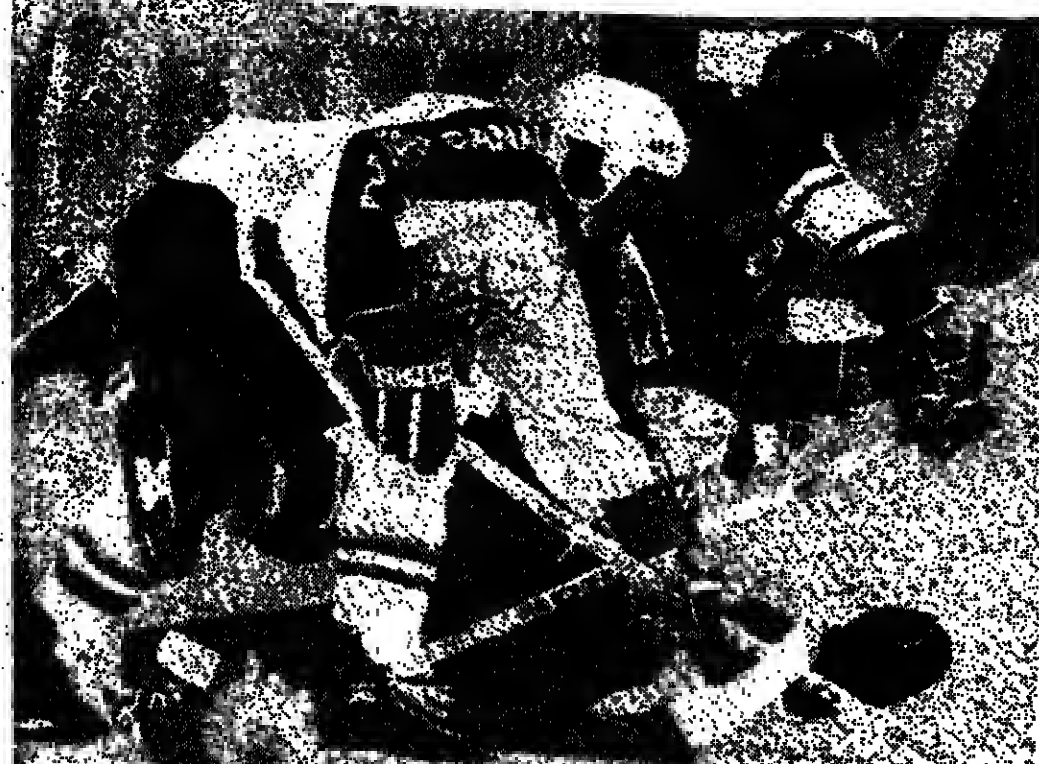
Griffith confirmed that the California Angels and the Texas Rangers had expressed interest in Carew, but he squelched reports that the Yankees had inquired about him.

"The Yankees never talked to me about Carew," said Griffith. "I hope the time never comes when I have to trade him but it might."

If the Twins are to make a deal for Carew, it most likely would come by the June 15 trading deadline. Because next season is Carew's option year and he can veto any trade, he would benefit more next year by playing out his option and testing the free-agent market.

Robinson, the only player to be named most valuable player in both leagues and the game's fourth-leading home run hitter, was named last week to succeed Ken Boyer, who accepted the St. Louis Cardinals' managerial post.

Robinson, who was the majors' first black manager with the Cleveland Indians, was pessimistic about the possibility of returning to the big leagues. "I'm not down here to manage this club with one eye on the major leagues or trying to get back there," he said. "If that happens, fine."



Canadian defenseman Rick Hampton (in white helmet) and Soviet leftwinger Sergei Kapustin over Canadian goalie Daniel Bouchard after they collided during second period.

Czechoslovakia Beats Sweden -Goal Soviet Burst Overtakes Canada

By Samuel Abr

AGUE, May 9 (HTT)—Two bursts of scoring late in the third period gave the Soviet Union a 4-2 victory over Canada and Czechoslovakia a 3-2 victory over Sweden in the world hockey championships here last night.

A Soviet team was trailing, 2-1, and being outdied by the Canadians until the Russians jammed goals in the last four minutes. It was an unhappy end for the Canadians, who played disciplined and fast hockey before more than 14,000 spectators in Jyske Hall.

At the end of the crowd, mainly Czechoslovaks, cheered and lunged for Canada, because a loss for the Russians almost certainly would have given the Czechoslovak team its third successive world title.

It was the victory left the Russians in second, two points behind Czechoslovakia, as the preliminary round of the championships ended. Canada, in place, is six points back, as is Sweden, in 11th place.

Four teams will face each other once in the six days for the championship. In the second round, the United States, East Germany, West Germany and Finland will battle to avoid the cellar and hunt from the group championships.

Czechoslovaks, bothered by unusually aggressive Swedish play, were able to finish the round with a record when they scored twice, less than 90 seconds apart, in the third period. Jaroslav Pouzar fought through the defense to make the score 2-2 and tiek Cernek put home a rebound for the victory eight minutes left.

The Russians, it was closer than that. They were up 2-1, until Valeriy Kharlamov tied the game at 16:09 of the third period. Fifty-one seconds later, Serge Kapustin flicked in a rebound to make it 3-2, and then Kharlamov scored on a short backhand with the Canadians short a man because of a penalty.

Will Paientment and Don Lever and goals for Canada, which was playing with memories of 11-1 and 8-1 routings last year in the world championships.

These memories must have surfaced 10 seconds into the game, when Vyacheslav Fetisov stole the puck and fed Boris Mikhailov for an easy goal. Twenty seconds later, the Russian broke again, but the shot bounced off a post. Thereafter the Canadians settled down.

In the first game, the Swedes came out steaming, playing one of their rare physical games. They barred the Czechs deep in their own zone, chasing the puck and disrupting the Czechs' precision passing game.

"They pestered and tortured us," said Karel Gut, the assistant Czechoslovak coach, after the game. "We have never before had to work so hard in our own zone against the Swedes."

The result was that the Czechs lost their rhythm in the first period, when they fell behind, 1-0, on a breakaway pass from Lars Gunnar Lundberg that Mats Ahlberg easily put away.

The Czechs were aroused to start the second period and tied the score on a screened shot from the point by Bohuslav Ebermann. Sweden got that back when Bengt Lundholm converted a short pass in front of the goal and the score remained 2-1 until the Czech explosion.

For all their physical play, the Swedes picked up only two two-minute penalties. The crowd thought it saw many more and often whistled—the European equivalent of booing—but the officials were of the permissive school.

World Cup Preview

Hungary Seeks Return to Greatness

DAPEST (UPI)—After 12 years in the World Soccer Cup wilderness, Hungary returns to the elite in Argentina with a team of young players who are capable of stepping into the shoes of their famous predecessors.

"It was relatively easy to obtain results for Hungary when we had the old stars like Puskas, Kocsis and so on," Baroti said. "But it is not so easy with a team that still lacks experience. However, I think we will have a team in Argentina that will win the reputation of Hungary."

I have worked two years to build up our present team," he said. "There is a lot of enthusiasm in the team. I am certain they will reach their top just in time for the World Cup."

"I started to work with the players of our present team in 1975," Baroti said. "I have always looked first at their talent and only second at their age. I don't care whether a player is in good form or bad form. The main thing is that he should have the talent to become a great player."

"You have to have a lot of patience before you can make these players into a good and powerful team."

Baroti started his career as Hungarian team manager in 1957 and under his reign Hungary has won 61 of its 111 internationals, drawn 26 and lost 24. He has also coached the Hungarian champions club Vasas between two terms as team manager and has coached in Peru for a time.

He can rightly be regarded as something of an expert on soccer in South America where he visits almost every year with either the Hungarian national team or a club team to gain experience and make use of the European off-season period in winter.

Hungary defeated Bolivia 6-0 and 3-2 in a two-leg playoff to clinch its place in Argentina after edging the Soviet Union by one point in its European zone group qualifying series. Greece topped the scales in Hungary's favor by beating the Russians in the qualifying group and the Hungarians then drew in Athens.

(This is the sixth in a series.)



